

# DUN'S REVIEW

NOVEMBER 1921  
5 CENTS

INCLUDING



*Compass Points*  
OF BUSINESS

*Published by* DUN & BRADSTREET, INC.



Dear Mr. Smith:

It is pleasant to be welcomed as a stockholder and made conversant with the activities of our company through the resumé that accompanied your letter. I have read both with interest and with a sense of pride that I am now a partner in such a forward-looking enterprise, whose products I shall enjoy using and recommending.

I have received like letters before, so I have some basis for comparison, and by comparison, I find in your favor. I know that the words follow a familiar pattern, but you have given them good voice by the quality of the paper you use and by the well-designed letterhead. These are details, but they are highly important, and suggest an alert management. I am confident they have a similar effect on all with whom you correspond and that your letters enhance the reputation of our company.

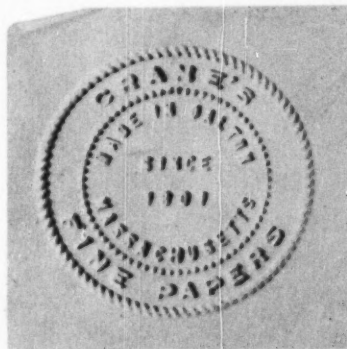
My first dividend check, which I await with pleasure, will, I am sure, be made on paper of equal quality.

Very truly yours,

Jane Austen

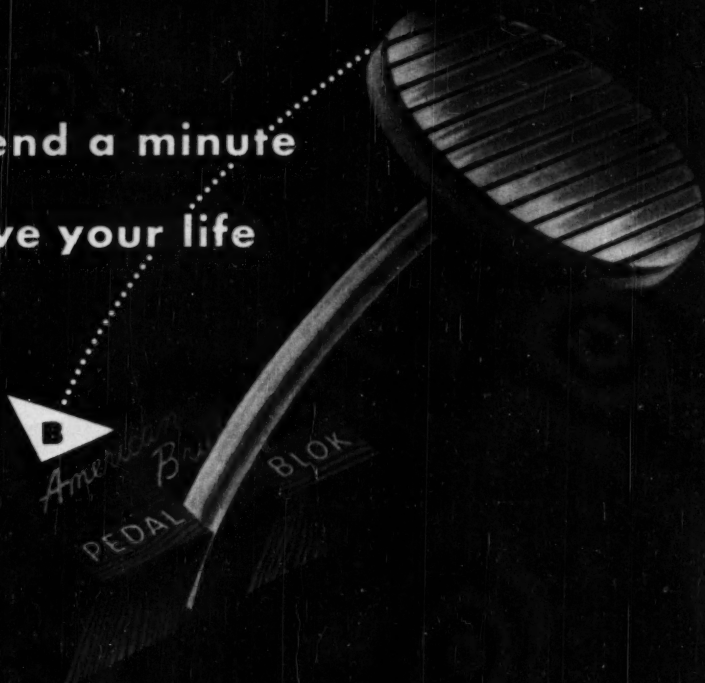
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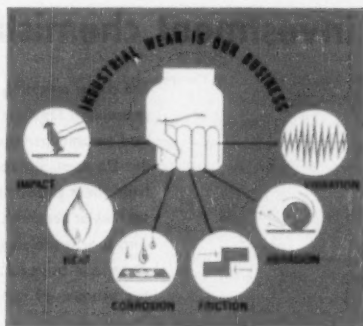
A recent service survey told a pulse-stopping story of the deadly peril that rides with you on every drive. Out of every 10 cars surveyed, 5 needed brake relining—3½ had scored drums—3½ leaked fluid from ruptured brake systems—4 to 7 needed some kind of brake work.

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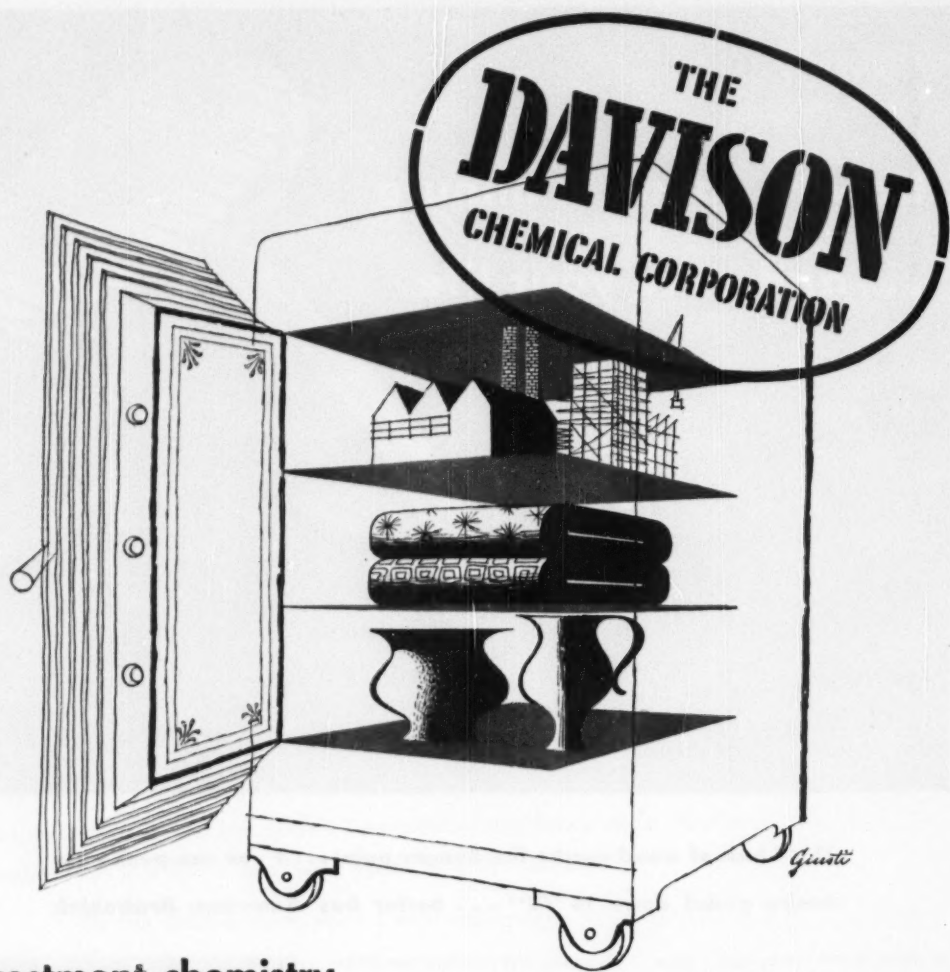
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"Progress through Chemistry"



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# Compass Points

## OF BUSINESS

AUGUST • 1950  
SUPPLEMENT TO DUN'S REVIEW



### Recent Achievements and the Economic Potential

*Experience and a full knowledge of the current and historical facts provide the soundest basis for judging the significance of recent events. What do experienced business men think about our economic future? What have we accomplished in production, employment, and economic stability? In what direction do the indicators of business activity point?*

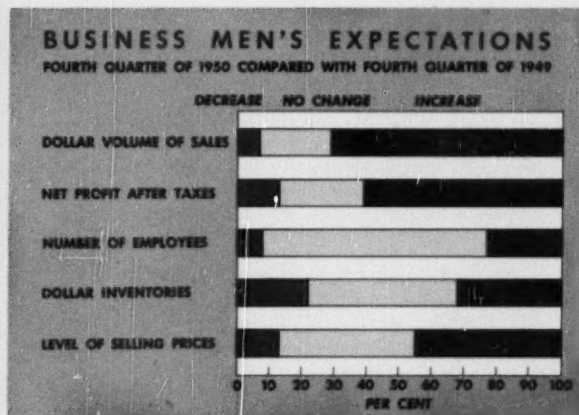
#### Business Men's Expectations

Quite apart from its tragic aspect, the effect of the Korean crisis on business was salutary in so far as increased Government expenditures portend an indefinite continuation of current high-level economic activity. Business was more assured of stability in the economy after the United States' intentions to resist aggression became apparent than at any time in the past few years.

Seventy-seven per cent of the business executives interviewed by Dun & Bradstreet in July expected that their net dollar sales in the final quarter of 1950 would exceed those in the similar period of 1949; the median expected change was about plus 8 per cent. A majority (67 per cent) also expected their net profits to rise. Some 93 per cent of the business men anticipated at least as many workers on their payrolls as a year ago.

The July interviews were conducted among a cross section of 599 business executives, chosen at random throughout the country, to determine business sentiment about the outlook for the fourth quarter of 1950. The executives were asked to express their expectations as to net sales, new orders, net profits, number of employees, levels of inventories, and levels of selling prices.

The opinions regarding the probable direction of change in the levels of inventories were mixed. About a third (35 per cent) of the respondents expected their inventories on



December 31, 1950 to be above the 1949 level; 44 per cent anticipated no change; 21 per cent thought that their inventories would have declined.

While nearly half (47 per cent) expected their selling prices to exceed those of a year ago, almost as many (43 per cent) expected no significant change, and the remaining (10 per cent) felt that their selling prices would be below the 1949 comparative level; the median expected change in selling prices was about plus 1 per cent.

Manufacturers were usually more optimistic than wholesalers and retailers, although percentage-wise there were more optimists in each of these lines than in previous surveys conducted earlier in the year. Some 96 per cent of the manufacturers expected that the dollar volume of their net sales in the fourth quarter of 1950 would be the same as or above the similar 1949 levels. Net profits were expected to be as high or higher than in 1949 by 92 per cent of the manufacturers, 88 per cent of the wholesalers, and 82 per cent of the retailers.

As might be expected, the economic future appeared brighter to manufacturers of durable goods than to the other business men. Whereas 75 per cent of the producers of durable goods expected that the dollar volume of their new orders in the last three months of 1950 would be greater than in 1949, and only 3 per cent expected a decline, among the producers of non-durable goods 71 per cent anticipated an increase and 4 per cent a decline. The percentage of durable goods manufacturers expecting increases in net sales, net profits, and the number of employees, was consistently larger than in the other kinds of business.

Less than 15 per cent of the business men expected a decline in their sales, profits, selling prices, or number of employees. The percentages of those who expected increases in these aspects of their business were impressively larger than in previous surveys. The median changes expected in the various aspects of business are tabulated below.

CHANGE FROM FOURTH QUARTER 1949  
TO FOURTH QUARTER 1950—MEDIAN

	All Con- cerns %	Manu- fac- turers %	Whol- e- salers %	Re- tailers %
Dollar Volume of Sales....	+ 5	+ 4	+ 5	+ 8
Net Profits, after Federal Taxes .....	+11	+ 8	+12	+18
Number of Employees*..	+ 7	+ 7	+ 7	+10
Dollar Value of Inven- tories* .....	+21	+18	+25	+27
Level of Selling Prices*..	+10	+ 8	+12	+12

\* End of December 1950 compared with the end of December 1949

### What Has Business Achieved?

The average business man was justified in viewing the future with confidence. There was little reason to expect that activity in the final half of 1950 would not surpass, or at least equal, that in the booming first half. And without doubt, over-all business in the first half of 1950 was almost unprecedentedly prosperous. Never before in history were so many cars produced, so many housing units constructed, or so many people employed in a six-month period. The output of consumer durable goods, steel prod-

ucts, and a wide variety of raw materials was at or above record levels.

There were nearly 3.7 million cars and trucks manufactured in this country in the first 26 weeks of this year; weekly production averaged a prodigious 141,354 vehicles. Some curtailment in production was necessitated for the Summer months because of vacation schedules, model changeovers, and the need for repairs to productive equipment. While it was doubted that automobile output would be sustained at a peak rate during the remainder of the year, total production for 1950 was expected to be close to 7 million cars and trucks, somewhat above the all-time annual peak of 6.3 million in 1949.

### New Records In Steel

The exceptionally high level of production in the steel industry reflected the intensified demand from car producers, builders, and other steel users. During the second quarter of this year the nation's steel mills were producing more than 1.9 million tons of steel a week for the first time in history. Output in one week at this rate amounted to more steel than is produced annually in many countries. While a slight seasonal decline in output was expected during the Summer months, the volume of orders for steel on producer's books assured high level ingot output through the third quarter.

The accelerated military preparedness program was not expected to have an appreciable effect on the already capacity steel operations. Although it was probable that military requirements might divert some steel from the production of consumer durable goods in the event of increased international tension, it was generally believed that the Korean campaign and the preparedness drive would make gradual demands on the steel and metal manufacturing industries.

### More Houses, More Schools, More Factories

Construction volume was exceptionally high throughout the first half of 1950. There were over a half-million new permanent dwelling units started, some 52 per cent more than a year ago. The sharp gain in home building was nation-wide with the activity as great in the cities as in the outlying areas. The largest proportion of total expenditure for construction went for new homes; new schools, hospitals, and highways were next in importance.

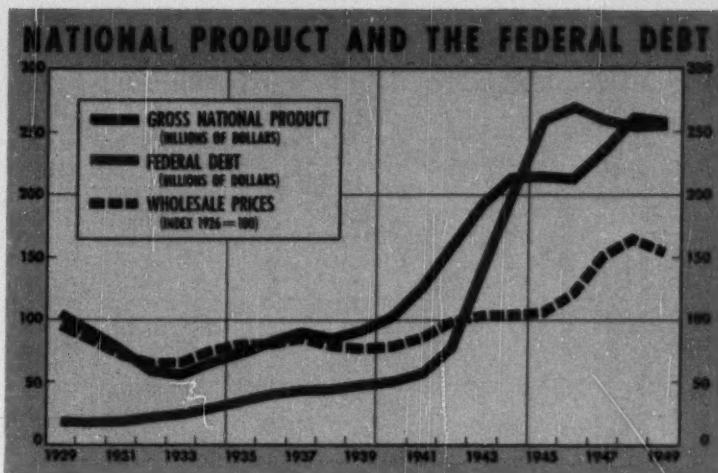
Although industrial and commercial construction expenditures were below year-ago levels in the first five months of 1950, the month-to-month decline was arrested in May. Business spending for new plant and equipment in the second quarter of 1950 rose to an annual rate of \$18.1 billion, some \$3.3 billion above the first quarter pace, but about 3 per cent below a year ago.

The Commerce and Labor Departments predicted jointly that the construction boom will continue during the second half of 1950. Spending for all new construction in 1950 is expected to total nearly \$26 billion, a new record, 14 per cent above the \$22.6 billion spent in 1949.

Stimulated by the very high demand for construction materials, the output of cement, clay, glass, and lumber was sustained at almost capacity levels. Machinery production rose steadily, stimulated by increases in the demand



What will be the impact on the economy of increased Government spending for defense? Important determinants will be the adequacy of our productive facilities for both military and civilian needs, the extent to which disposable income increases, and the effectiveness of Government regulatory measures. After correction for price changes, Gross National Product just about doubled between 1933, the depression low, and 1949; the Federal Debt became five times as large. While there was great idle productive capacity in 1933 which did not become fully utilized until the War, the inflationary effect of War spending was none-the-less obvious. Whereas Gross National Product, as measured in dollars in 1949 was about 104 per cent above that in 1941, unit-wise it was up about 15 per cent. Gross National Product is the market value of the goods and services produced by the U. S. economy; figures are from the Bureau of Foreign and Domestic Commerce. Federal Debt figures are from the Treasury Department.



for both producer and consumer equipment. The volume of machine tools ordered in June was at the highest level in five years. While shipments of machine tools were also very substantial, they amounted to less than one-fifth of the unfilled orders.

#### How Well-Off Is The Consumer?

Record employment, record wage rates, and the payment of the \$2.8 billion insurance refund to veterans lifted consumer income to a new high level during the first half of this year. With disposable personal income close to an annual rate of \$198 billion, aggregate buying power was larger than it had ever been before. In view of the business outlook it appeared likely that consumer income would be sustained at a high level for at least the next six months.

While personal savings increased moderately in the first quarter, the proportion of liquid savings continued to decline. According to a recent report from the SEC, non-liquid savings, that is, cash put down for homes, automobiles, and other durable goods, constituted 94 per cent of the addition to gross savings in the first quarter of 1950, compared with 88 per cent a year ago.

Consumer credit outstanding at the end of June was estimated at \$19.6 billion, an amount equivalent to roughly 10 per cent of disposable personal income, not very different from the 9.2 per cent prevailing in 1929. However, in 1939, consumer credit outstanding, at \$8.0 billion, equalled 11.4 per cent of disposable personal income. Personal savings increased in the first half of 1950 at a somewhat less rapid rate than consumer credit outstanding; at a seasonally adjusted annual rate of about \$12.7 billion, savings, were about 6.5 per cent of disposable personal income. This compares favorably with the 4.5 per cent of disposable personal income saved in 1929, and the 3.8 per cent saved in 1939.

Superficially, the size of consumer debt would not appear unreasonable against the volume of income and liquid assets. It is important to note, however, that only 16 per cent of the families in this country have an income of \$5,000

or more; this upper 16 per cent owns half of all the liquid assets. About one-third of the spending units have no liquid asset holdings whatever. Spending units having debts predominate in the middle and lower income groups; slightly more than three of every ten families spent more than they earned in 1949. The rapid rise in credit buying has occasioned concern among financial observers for some time. It appears likely and desirable that the Government soon will reimpose consumer credit controls. The Korean conflict may hasten such a move.

A survey of consumer finances, conducted early in 1950 for the Federal Reserve Board by the Survey Research Center, University of Michigan, reflected considerable optimism among consumers regarding their general financial position and economic outlook. Over half (64 per cent) of the consumers felt that their financial position in early 1950 was the same or better than in early 1949. Some 73 per cent expected their 1950 incomes to be the same or larger than in 1949. There were nearly twice as many people anticipating higher incomes this year as were expecting lower incomes.

#### Thoughts for Retailers

Consumer plans to buy newly built houses in 1950 were somewhat more extensive than in 1949. Furthermore, there were about as many consumers intending to buy new homes in 1951 as in 1950. While consumer plans to buy new cars in 1950 were at least as frequent as a year ago, there was a substantial increase in the number of those who intended to purchase used cars. At least as many consumers as a year ago expected to purchase furniture, washing machines, and refrigerators; probable purchasers of television sets were more than twice as numerous as in 1949.

Sales of all retail stores in the first half of 1950 amounted to about \$67.1 billion after adjustment for seasonal factors. This was 4.4 per cent above the corresponding totals in both 1949 and 1948, evidence enough that consumers'

(Continued on page 12)

# BUS

	1 POPULATION Millions	2 Total Civilian Millions	3 EMPLOYMENT Agricultural Millions	4 Nonagricultural Millions	5 Armed Forces Millions	6 UNEMPLOY- MENT Millions	7 EARNINGS OF INDUSTRIAL Hourly Dollars	8 WORKERS Weekly Dollars	9 WHOLESALE PRICES Index	10 RETAIL PRICES Index	11 CONSUMERS' PRICES Index	12 INDUST. PRODUCT (PHYSICAL) Index	
1914	99.1	37.6	11.4	26.2	..	..	.223	11.01	68.1	...	71.8	55	
1919	105.1	42.0	10.5	31.5	..	..	.477	22.08	138.6	...	123.8	72	
1920	106.5	41.3	10.7	30.6	..	..	.555	26.30	154.4	...	143.3	75	
1921	108.5	37.7	10.8	26.9	..	..	.514	22.18	97.6	...	127.7	58	
1922	110.1	40.0†	10.8†	29.2†	..	..	.482	21.51	96.7	...	119.7	73	
1929	121.8	47.6	10.0	36.3	.3	1.5	.566	25.03	95.3	120.9	122.5	110	
1930	123.1	45.5	9.9	34.3	.3	4.3	.552	23.25	86.4	...	119.4	91	
1931	124.0	42.4	9.8	31.3	.3	8.0	.515	20.87	73.0	...	108.7	75	
1932	124.8	38.9	9.7	28.0	.3	12.1	.446	17.05	64.8	...	97.6	58	
1936	128.1	44.4	9.6	33.8	.3	9.0	.556	21.78	80.8	98.9	99.1	103	
1937	128.8	46.3	9.4	35.8	.3	7.7	.624	24.05	86.3	103.5	102.7	113	
1938	129.8	44.2	9.3	33.9	.3	10.4	.627	22.30	78.6	101.1	100.8	89	
1939	130.9	45.8	9.3	35.6	.4	9.5	.633	23.86	77.1	99.0	99.4	109	
1940	132.0	47.5	9.5	38.0	.4	8.1	.661	25.20	78.6	100.6	100.2	125	
1941	133.2	50.4	9.1	41.3	1.5	5.6	.729	29.58	87.3	108.3	105.2	162	
1942	134.7	53.8	9.3	44.5	3.8	2.7	.853	36.65	98.8	124.9	116.5	199	
1943	136.5	54.5	9.1	45.4	8.9	1.1	.961	43.14	103.1	134.0	123.6	239	
1944	138.1	54.0	9.0	45.0	11.3	.7	1.019	46.08	104.0	137.5	125.5	235	
1945	139.6	52.8	8.6	44.2	11.2	1.0	1.023	44.39	105.8	141.4	128.4	203	
1946	141.2	55.2	8.3	46.9	3.3	2.3	1.086	43.74	121.1	155.2	139.3	170	
1947	144.0	58.0	8.3	49.8	1.4	2.1	1.237	49.97	152.1	180.1	159.2	187	
1948	146.6	59.4	8.0	51.4	1.3	2.1	1.350	54.14	165.1	192.7	171.2	192	
1949	149.2	58.7	8.0	50.7	1.5	3.4	1.401	54.92	155.0	187.7	169.1	176	
'49	I	148.4	57.4	7.1	50.4	1.5	3.0	1.402	55.15	159.0	169.8	188	
	II	149.0	58.7	8.8	49.9	1.5	3.4	1.402	54.13	155.7	169.5	174	
	III	149.7	59.7	8.8	50.9	1.5	3.7	1.405	55.02	153.3	186.9	169.0	168
	IV	150.4	59.0	7.5	51.6	1.4	3.5	1.397	55.24	151.7	185.6	168.2	173
'50	I	151.0	57.2	6.4	50.8	1.4	4.4	1.420	56.40	152.3	183.6	166.8	183
	II	151.6	60.0	8.1	51.9	1.3	3.3	1.444	57.85	155.4	185.9	168.7	195

## FINANCIAL

	23 FEDERAL RECEIPTS Million dollars	24 FEDERAL EXPENDITURES Million dollars	25 GROSS FEDERAL DEBT Billion dollars	26 CURRENCY OUTSIDE OF BANKS Million dollars	27 DEMAND DEPOSITS ADJUSTED Million dollars	28 TURNOVER OF DEMAND DEPOSITS Times	29 LOANS OF COMM'L BANKS Billion dollars	30 COMM'L LOAN RATES Per cent	31 INDUSTRIAL STOCK PRICE AVERAGES Dollars	32 NATIONAL INCOME Billion dollars	33 DISPOSABLE PERSONAL INCOME Billion dollars
1914	735	735	1.2	1,533	10,082	...	13.2	...	81.03	33.9	33
1919	5,152	18,515	25.5	3,593	17,624	36.1	22.4	5.73	99.78	68.2	63
1920	6,695	6,403	24.3	4,105	19,616	37.3	28.1	6.58	90.04	69.5	66
1921	5,625	5,116	24.0	3,677	17,113	32.2	26.1	6.68	73.48	51.7	52
1922	4,109	3,373	23.0	3,346	18,045	31.1	24.7	5.53	93.17	59.5	57
1929	4,033	3,299	16.9	3,557	22,809	40.5	36.0	5.83	311.24	87.4	82
1930	4,178	3,440	16.2	3,605	20,967	33.8	32.0	4.85	236.34	75.0	73
1931	3,190	3,652	16.8	4,470	17,412	28.6	25.2	4.30	138.58	58.9	63
1932	2,006	4,535	19.5	4,669	15,728	23.9	20.1	4.71	64.57	41.7	47
1936	4,116	8,666	33.8	5,516	25,483	22.4	16.4	2.68	162.25	64.7	66
1937	4,979†	7,756†	36.4	5,638	23,959	22.4	17.1	2.59	166.36	73.6	71
1938	5,802	6,979	37.2	5,775	25,986	19.9	16.4	2.53	132.44	67.4	65
1939	5,103	8,966	40.4	6,401	29,793	19.4	17.2	2.10*	142.66	72.5	70
1940	5,265	9,183	43.0	7,325	34,945	18.6	18.8	2.10	134.74	81.3	75
1941	7,227	13,387	49.0	9,615	38,992	19.4	21.7	2.00	121.82	103.8	92
1942	12,696	34,187	72.4	13,946	48,922	18.4	19.2	2.20	107.20	137.1	116
1943	22,202	79,622	136.7	18,837	60,803	17.4	19.1	2.60	134.81	169.7	132
1944	43,892	95,315	201.0	23,505	66,930	17.3	21.6	2.40	143.32	183.8	147
1945	44,762	98,703	258.7	26,490	75,851	16.1	26.1	2.20	169.82	182.7	151
1946	40,027	60,703	269.4	26,730	83,314	16.5	31.1	2.10	191.65	180.3	158
1947	40,043	39,289	258.3	26,476	87,121	18.0	38.1	2.10	177.58	198.7	169
1948	42,211	33,791	252.3	26,079	85,520	19.2	42.5	2.50	179.95	223.5	188
1949	38,246	40,057	252.8	25,415	85,750	18.7	43.0	2.68	179.48	216.8	187
'49	I	12,395	9,235	251.6	25,100	19.0	42.4	2.70	176.70	218.85	189
	II	8,052	10,149	252.8	25,266	18.6	41.0	2.74	171.76	217.85	188
	III	9,257	11,014	256.7	24,900	18.1	41.8	2.63	177.84	216.75	185
	IV	8,416	9,960	257.1	25,415	19.2	43.0	2.65	191.62	214.25	186
'50	I	11,157	9,090	255.7	24,600	19.0	43.7	2.60	203.18	217.25	197
	II	8,212	10,105	257.4	24,600	19.6	44.8	2.68	217.68	221.05	194

\* Series revised from this date on.

† Beginning in 1937 tax refunds are deducted from receipts and are not included among expenditures.

Sources as  
BUN'S

Unshaded quarterly figures are significant in

# NESS

13 FREIGHT CAR LOADINGS thousand cars	14 FARM INCOME Million dollars	15 RETAILERS' SALES Million \$	16 INVEN- TORIES Million \$	17 WHOLESALE SALES Million \$	18 INVEN- TORIES Million \$	19 MANUFACTURERS' SALES Million \$	20 INVEN- TORIES Million \$	21 EXPORTS Million dollars	22 IMPORTS Million dollars	
...	6,050	...	...	...	...	...	...	2,071	1,789	1914
1,832	14,602	36,549	...	...	...	60,509	12,906	7,750	3,904	1919
5,120	12,608	41,364	...	...	...	63,659	13,484	8,080	5,278	1920
9,324	8,150	32,954	...	...	...	41,897	10,705	4,379	2,509	1921
13,212	8,594	34,007†	...	...	...	46,045†	12,118†	3,765	3,112	1922
2,824	11,296	48,459	7,298	37,814	4,024	70,262	12,775	5,157	4,399	1929
5,878	9,021	41,989	...	...	3,497	57,017	11,265	3,781	3,061	1930
7,151	6,371	34,752	...	...	2,665	42,951	9,105	2,378	2,091	1931
8,180	4,743	25,013	...	...	2,307	30,774	7,332	1,576	1,323	1932
6,109	8,654	38,338	4,833	28,394	3,297	60,202	10,676	2,419	2,423	1936
7,670	9,217	42,150	5,339	31,789	3,367	65,757	12,012	3,299	3,084	1937
0,457	8,168	38,053	5,275	27,322	2,916	54,002	10,750	3,057	1,960	1938
3,911	8,684	42,042	5,532	29,926	3,175	61,196	11,465	3,123	2,318	1939
6,358	9,130	46,388	6,040	33,414	3,325	70,221	12,819	3,934	2,625	1940
2,352	11,767	55,490	7,630	43,733	4,182	98,012	16,960	5,020	3,345	1941
2,771	16,069	57,639	7,868	48,074	3,858	125,103	19,287	8,003	2,745	1942
2,440	20,106	63,321	7,361	51,232	3,684	153,865	20,098	12,842	3,381	1943
3,408	21,164	68,823	7,400	54,915	3,980	165,450	19,507	14,162	3,919	1944
1,918	22,289	75,781	7,543	59,689	4,638	154,596	18,390	9,585	4,147	1945
1,341	25,636	100,298	11,226	78,981	6,665	154,098	24,818	9,503	4,909	1946
4,502	30,328	118,908	13,221	92,895	8,653	204,914	29,818	14,252	5,733	1947
3,401	30,802	130,042	14,969	100,389	9,511	228,337	34,066	12,494	7,124	1948
5,911	27,704	128,183	13,698	89,834	9,031	213,779	30,899	11,884	6,626	1949
8,956	5,928	32,041•	14,700•	23,293•	9,293•	54,506•	34,223•	3,289	1,789	I
9,781	5,847	32,257	14,182	22,379	9,002	53,374	33,250	3,331	1,601	II
9,076	7,202	32,074	14,355	22,198	9,186	54,924	31,076	2,657	1,478	III
8,098	8,515	31,811	13,698	21,964	9,031	50,975	30,899	2,607	1,758	IV
8,127	5,575	33,081	14,282	22,177	9,128	54,829	31,103	2,359	1,887	I
9,760	5,194	34,068	14,270	22,384	9,454	56,032	31,487	2,475	1,900	II

## NATIONAL

34 DISPOSABLE INCOME PER CAPITA 1948 Dollars	35 PERSONAL SAVINGS Billion dollars	36 CONSUMER CREDIT Outstanding Billion dollars	37 CORPORATE PROFITS AFTER TAXES Billion dollars	38 EXPENDITURES FOR PLANT & EQUIPMENT Billion dollars	39 BUILDING PERMITS 120 Cities Million \$	40 ELECTRIC POWER PRODUCTION Billion kWh	41 COMMERCIAL & IN- DUSTRIAL FAILURES Number	42 NAMES IN REFERENCE BOOK	43 LOSITIES Million \$	44 LOSITIES Million \$	45 LOSITIES Million \$
335	799	3.4	...	1.9	735	...	18,280	357.9	1,655,496	1914	
604	835	10.8	...	5.7	1,181	...	6,451	113.3	1,710,909	1919	
627	749	9.0	...	3.9	1,256	56.6	8,881	295.1	1,821,409	1920	
487	653	2.3	...	0.0	1,493	53.1	19,652	627.4	1,927,304	1921	
518	741	5.0	...	3.9	2,312	61.2	23,676	623.9	1,983,106	1922	
677	946	3.7	7.6	8.4	2,490	116.7	22,909	483.3	2,212,779	1929	
599	859	2.9	6.8	2.5	1,408	114.6	26,355	668.3	2,183,008	1930	
508	800	1.8	5.5	-1.3	1,006	109.4	28,285	736.3	2,125,288	1931	
383	672	-1.4	4.1	-3.4	336	99.4	31,822	928.3	2,076,580	1932	
516	891	3.6	6.8	4.3	804	136.0	9,607	203.2	2,009,935	1936	
552	920	3.9	7.5	4.7	940	146.5	9,490	183.3	2,056,598	1937	
505	858	1.0	7.0	2.3	966	142.0	12,836	246.5	2,101,933	1938	
536	923	2.7	8.0	5.0	1,029	161.3	14,768*	182.5*	2,116,008	1939	
573	979	3.7	9.1	6.4	1,104	179.9	13,619	166.7	2,156,450	1940	
691	1,125	9.8	9.9	9.4	1,196	208.3	11,848	136.1	2,170,615	1941	
866	1,273	25.6	6.6	9.4	644	233.1	9,405	100.8	2,155,803	1942	
970	1,344	30.2	5.4	10.6	419	267.5	3,221	45.3	2,027,215	1943	
1,064	1,451	35.4	5.8	10.8	709	279.5	1,222	31.7	1,859,109	1944	
1,082	1,443	28.0	6.6	8.5	1,028	271.3	809	30.2	1,913,330	1945	
1,125	1,383	12.0	10.2	13.9	2,089	269.4	1,129	67.3	2,146,293	1946	
1,177	1,266	3.9	13.7	18.5	2,470	307.3	3,474	204.6	2,409,845	1947	
1,285	1,285	10.9	16.3	20.9	3,111	336.8	5,250	234.6	2,555,182	1948	
1,256	1,272	8.6	18.8	17.0	3,131	344.5	9,246	308.1	2,684,372	1949	
1,280§	1,291§	12.5§	15.3	17.4§	4.5	639	87.4	2,098	83.9	2,660,250	'49 { I II III IV
1,263§	1,276§	9.8§	16.1	16.4§	4.7	857	83.6	2,480	84.7	2,684,372	
1,236§	1,252§	6.2§	16.8	17.3§	4.4	831	85.8	2,261	73.6	2,697,411	
1,242§	1,264§	6.2§	18.8	16.9§	4.6	804	87.7	2,407	65.9	2,706,886	
1,309§	1,344§	15.3§	18.3	17.8§	3.7	909	92.3	2,559	76.5	2,706,520	'50 { I II
1,284§	1,303§	10.1§	19.6	18.9§	4.5	1,281	93.1	2,405	62.0	2,692,426	

Information on a later page.  
CURRENT 1950, PAGES 8 AND 9.

§ Annual rate seasonally adjusted. • Quarterly figures seasonally adjusted.  
† Figures for this and prior dates are from another source and are not strictly comparable with later data.

change or lack of change from previous levels.



# COMPARATIVE FIGURES FOR SELECTED PERIODS

PER CENT CHANGE

Years: 1949  
from 1939

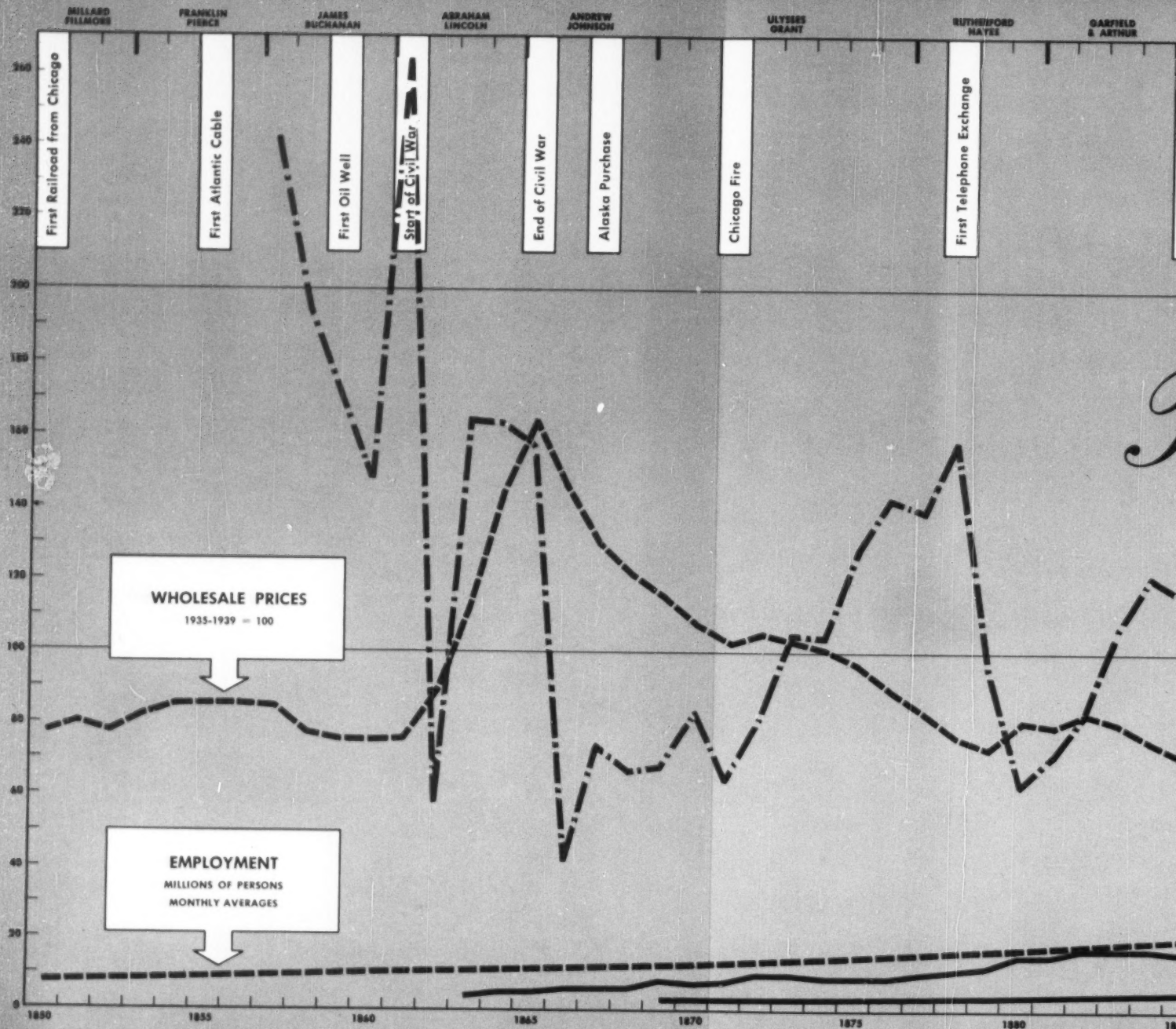
Second  
Quarters:  
1950  
from 1949

MONTHLY FIGURES

from 1939		to 1949		MONTHLY FIGURES						
				Jan.	Feb.	Mar.	Apr.	May	June	
+ 28.2	+ 2.2	Employment, Civilian .....	{ 1948 1949 1950	57.1	57.1	57.3	58.3	58.7	61.3	
		<i>Million persons</i> .....		57.4	57.2	57.6	57.8	58.7	59.6	
				56.9	57.0	57.6	58.7	59.7	61.5	
- 64.2	- 2.9	Unemployment .....	{ 1948 1949 1950	2.1	2.6	2.4	2.2	1.8	2.2	
		<i>Million persons</i> .....		2.7	3.2	3.2	3.0	3.3	3.8	
				4.5	4.7	4.1	3.5	3.1	3.4	
+ 189.0	+ 0.9	Personal Income .....	{ 1948 1949 1950	206.5	204.1	204.7	208.3	209.3	213.4	
		<i>Billion dollars</i> .....		214.6	211.3	210.2	210.5	207.6	205.9	
				218.1	219.1	219.3	213.8	213.3	214.0	
+2,444.0	+ 2.3	U. S. Savings Bonds Outstanding .....	{ 1948 1949 1950	52.5	52.8	53.0	53.1	53.1	53.3	
		<i>Billion dollars</i> .....		55.4	55.7	55.9	56.0	56.1	56.3	
				57.0	57.2	57.3	57.4	57.5	57.6	
+ 135.0	+21.7	Consumer Credit Outstanding .....	{ 1948 1949 1950	13.4	13.3	13.8	14.1	14.3	14.7	
		<i>Billion dollars</i> .....		15.7	15.3	15.3	15.6	15.8	16.1	
				18.3	18.1	18.3	18.6	19.1	19.6	
+ 121.3	+ 3.0	Hourly Earnings of Industrial Workers .....	{ 1948 1949 1950	1.302	1.308	1.310	1.314	1.324	1.340	
		<i>Dollars</i> .....		1.405	1.401	1.400	1.401	1.401	1.405	
				1.418	1.420	1.424	1.434	1.443	1.454	
+ 130.2	+ 6.9	Weekly Earnings of Industrial Workers .....	{ 1948 1949 1950	52.86	52.58	52.92	52.56	52.83	53.87	
		<i>Dollars</i> .....		55.50	55.20	54.74	53.80	54.08	54.51	
				56.29	56.37	56.53	56.93	57.72	58.89	
+ 224.3	+ 3.9	Business Sales .....	{ 1948 1949 1950	37.2	37.2	38.0	38.0	37.4	39.0	
		<i>Billion dollars</i> .....		36.2	36.6	37.1	35.9	36.0	36.4	
				35.7	36.5	37.9	36.8	39.6	36.1	
+ 165.9	- 2.1	Business Inventories .....	{ 1948 1949 1950	52.4	53.0	53.7	54.0	54.4	55.4	
		<i>Billion dollars</i> .....		58.5	58.4	58.2	57.8	56.9	56.4	
				54.1	53.9	54.5	54.8	55.2	55.2	
+ 61.5	+10.9	Physical Production Index .....	{ 1948 1949 1950	193	194	191	188	192	192	
		<i>Adjusted 1935-1939=100</i> .....		191	189	184	179	174	169	
				183	180	187	190	193	197	
+ 5.9	- 0.2	Freight Carloadings .....	{ 1948 1949 1950	3.8	3.1	3.0	3.0	4.4	3.5	
		<i>Million cars</i> .....		2.8	2.8	3.3	3.1	3.1	3.6	
				2.4	2.3	3.4	2.9	3.0	3.9	
+ 204.3	+49.5	Building Permits, 120 Cities .....	{ 1948 1949 1950	233	191	264	286	279	298	
		<i>Million dollars</i> .....		188	195	256	283	257	317	
				269	282	357	355	464	462	
+ 101.0	- 0.2	Wholesale Price Index .....	{ 1948 1949 1950	165.9	161.0	161.6	163.0	164.2	166.4	
		<i>1926=100</i> .....		160.6	158.1	158.4	156.9	155.7	154.5	
				151.5	152.7	152.7	152.9	155.9	157.3	
+ 70.8	- 0.5	Consumers' Price Index .....	{ 1948 1949 1950	168.8	167.5	166.9	169.3	170.5	171.7	
		<i>1935-1939=100</i> .....		170.9	169.0	169.5	169.7	169.2	169.6	
				166.9	166.5	167.0	167.3	168.6	170.2	
+ 25.8	+26.7	Industrial Stock Price Average .....	{ 1948 1949 1950	176.26	168.47	169.94	180.05	186.38	191.05	
		<i>Dollars</i> .....		179.75	174.46	175.88	175.65	174.03	165.59	
				199.79	203.46	206.30	212.67	219.36	221.02	
- 37.4	- 3.0	Commercial and Industrial Failures .....	{ 1948 1949 1950	356	417	477	404	426	463	
		<i>Number</i> .....		566	685	847	877	775	828	
				864	811	884	806	874	725	
+ 68.8	-26.8	Liabilities of Business Failures .....	{ 1948 1949 1950	13.0	25.6	17.5	15.3	13.8	12.2	
		<i>Million dollars</i> .....		19.2	27.6	37.2	31.9	24.6	28.2	
				26.4	22.2	27.9	21.3	22.7	18.1	



Additional copies of the chart  
*The Last Hundred Years* attached  
to this page may be obtained  
upon request while the limited  
supply lasts — The Editors.



First Electric Street Railway

GROVER CLEVELAND

BENJAMIN HARRISON

GROVER CLEVELAND

WILLIAM MCKINLEY

Spanish-American War

THEODORE ROOSEVELT

First Airplane Flight

San Francisco Earthquake

WILLIAM TAFT

Sinking of Titanic

Start of World War I

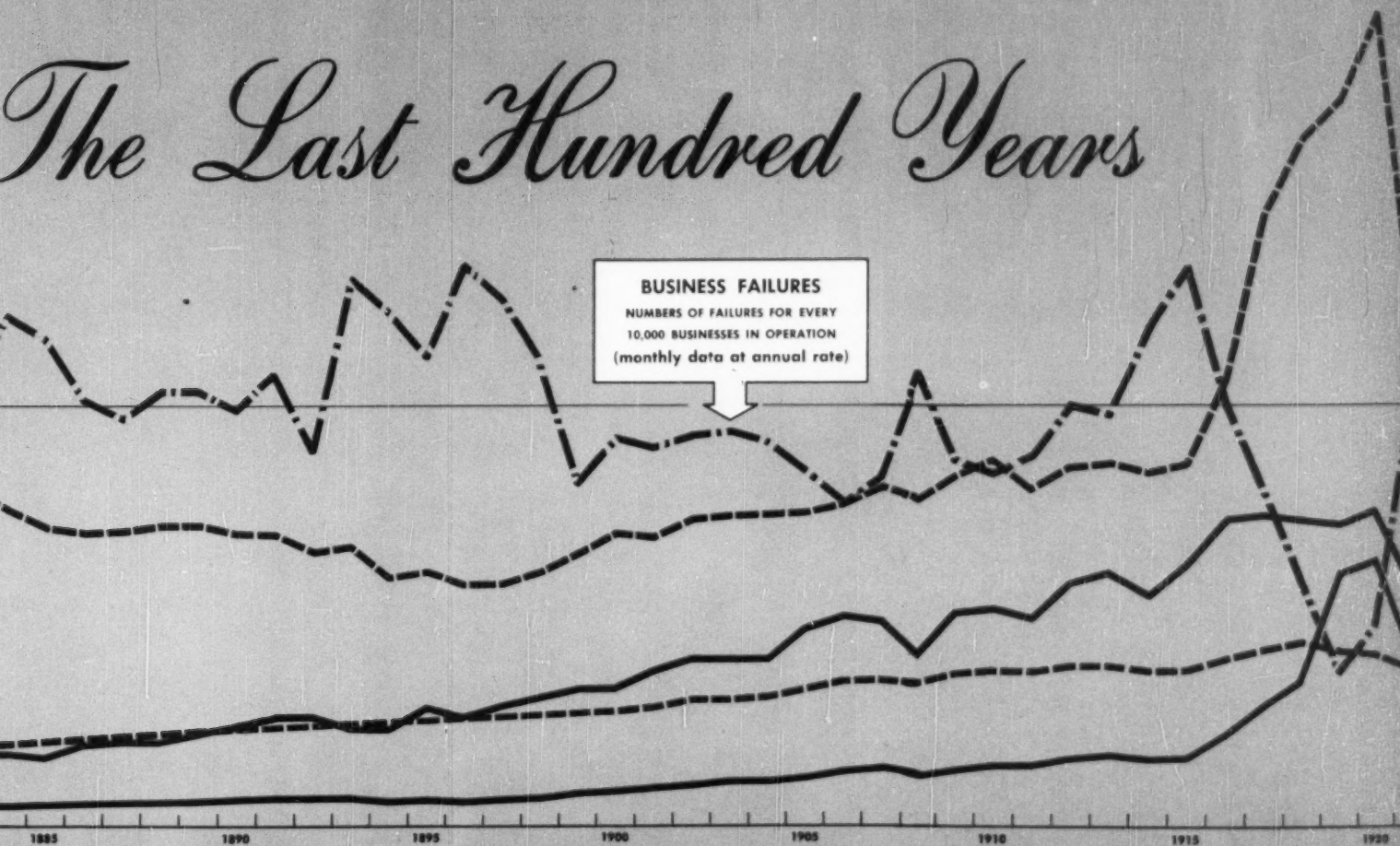
WOODROW WILSON

End of World War I

# The Last Hundred Years

## BUSINESS FAILURES

NUMBERS OF FAILURES FOR EVERY  
10,000 BUSINESSES IN OPERATION  
(monthly data at annual rate)



WARREN  
HARDING

CALVIN  
COOLIDGE

HERBERT  
HOOVER

FRANKLIN  
ROOSEVELT

First Talking Pictures

Stock Market Crash

Bank Holiday

Start of World War II

End of World War II

# INDUSTRIAL PRODUCTION

PHYSICAL VOLUME OF OUTPUT

1935-1939 = 100

# MANUFACTURE

BILLIONS OF  
(monthly data of)

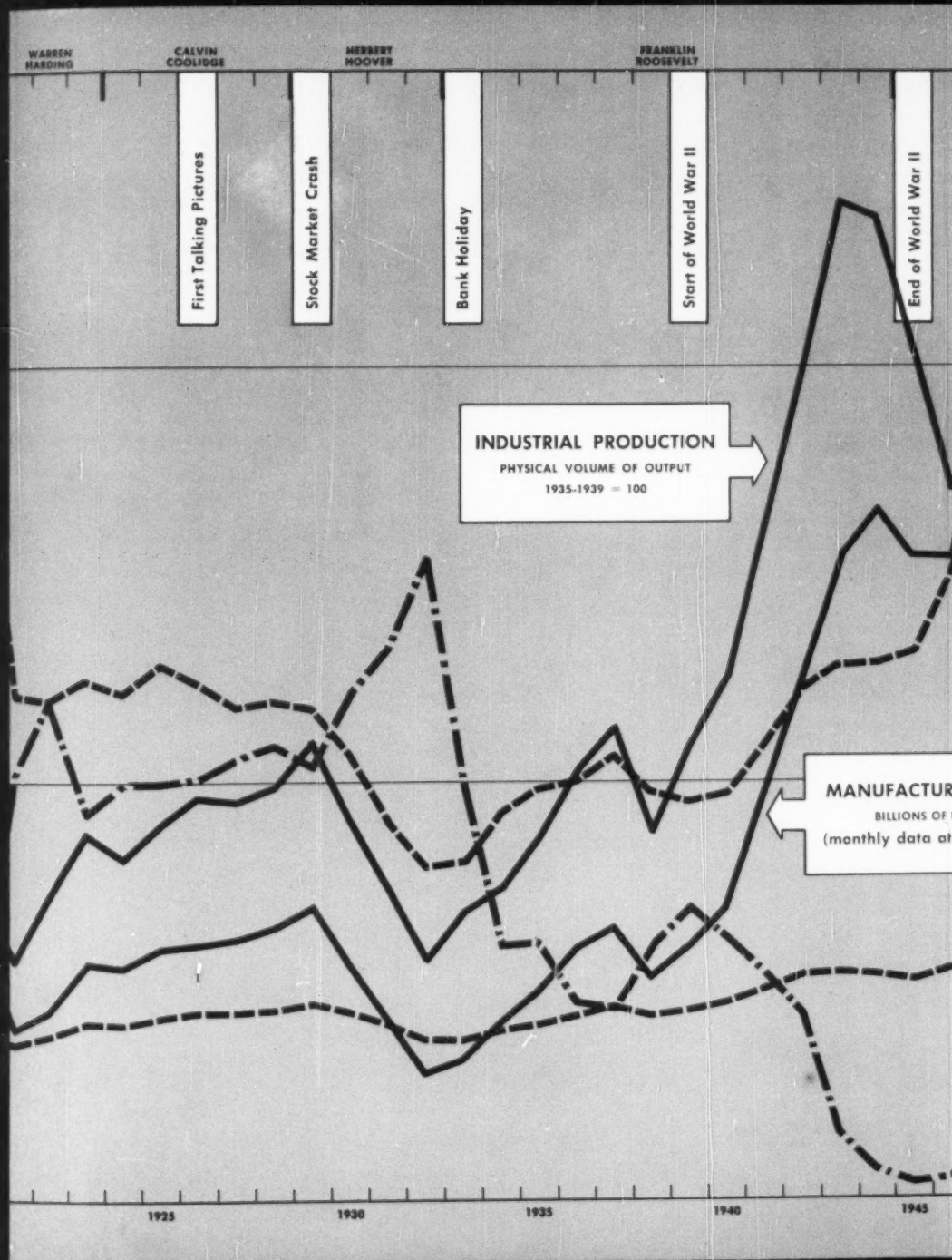
1925

1930

1935

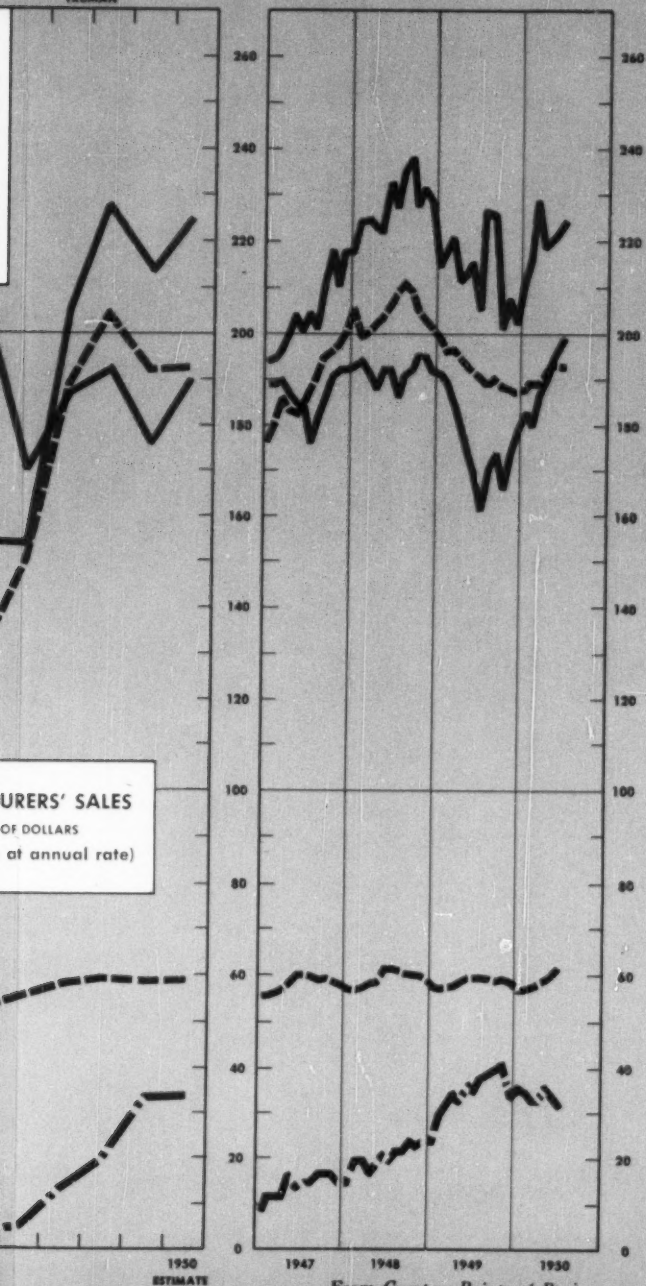
1940

1945





HARRY  
TRUMAN



"The first hundred years are the hardest," as the old saying goes, but there have been a number of ups and downs during the last hundred years. War, boom, and depression have left their marks on the nation's economy.

But despite these temporary upsets, a generally rising standard of living has resulted from the increasing levels of production, employment, and manufacturers' sales.

Business failures, always sensitive to economic fluctuations, reached an all-time low toward the end of the last hundred years. Perhaps the rising level of wholesale prices, usually stimulated by a war economy, has been important in contributing to the successful operation of so many businesses.

Here at the start of the next hundred years the outlook for a sustained price level, a limited failure rate, for continued high production, employment, and sales appears to be bolstered by the unusually high demand of the American people.

Wholesale prices are based on the Bureau of Labor Statistics' Index transposed to a 1935-1939 base.

Employment is from Bureau of the Census reports for the census years 1850-1890 and their reports on the labor force from 1940 to date. Estimates for 1900-1928 are from the National Industrial Conference Board and 1929-1939 from the Bureau of Labor Statistics.

The failures among every 10,000 businesses in operation, known as DUN'S FAILURE INDEX, is compiled by DUN & BRADSTREET, INC. Monthly figures are a seasonally adjusted annual rate.

Industrial production indexes through 1918 are from Warren M. Persons *Forecasting Business Cycles* transposed to a 1935-1939 base. From 1919 to date they are from the Federal Reserve Board's seasonally adjusted index.

Manufacturers' sales are from William H. Shaw *Value of Commodity Output Since 1869* for 1869, 1879, and 1889-1918; from Simon Kuznets *National Income and Its Composition* for 1919-1925; and from the Office of Business Economics since 1926. Monthly figures are seasonally adjusted annual rates.

plans to purchase more goods were certainly materializing.

As the military position of the United Nations forces in Korea worsened, a large number of consumers became alarmed at the prospect of a prolonged war. Although the supply of virtually all consumer goods was adequate, if not abundant, there was considerable evidence of panic buying. The Federal Reserve Board reported that department store sales in the latter two weeks of July were more than 40 per cent above the corresponding 1949 levels; volume for the month was up about 30 per cent. The most frequent consumer purchases were household appliances, linens, television sets, rubber tires, and nylon hosiery. Many people bought more canned foods and sugar than they would normally use.

While the initial effect of the Korean crisis on consumer buying was quite noticeable, it appeared that panic buying would diminish as the obvious adequacy of supplies of goods abated the fear of shortages. It seemed likely that the over-all volume of retail sales would be at a high level, moderately above that in 1949, for the remainder of the year.

### The Price Situation

Chiefly because of bad weather and the threat of insect damage which threatened to reduce yields in many of the grain producing areas, the general level of commodity prices increased almost steadily in the first six months of 1950. However, the rate of increase was fairly gradual until the outbreak of the war in Korea. The Dun & Bradstreet Daily Wholesale Commodity Price Index was at

245.49 (1930-1932=100) at the beginning of the year; by June 24, just before the start of the Korean invasion, the index had risen some 12.9 per cent to 264.77. About a month later, at a two-year high of 282.81 on July 28, the index was up 6.8 per cent.

The announcement of Government loans on many crops at higher levels than in 1949 contributed to the bullish sentiment, as did a Department of Agriculture report estimating the acreage of cotton under cultivation on July 1 at 31.2 per cent below the year-ago level. Trading in the Chicago livestock markets became very active in July; the prices of hogs, cattle, and sheep moved steadily upward.

Prices at the consumer level followed the general trend at wholesale. The prices paid by consumers for food rose more noticeably than those for other goods and services. The Bureau of Labor Statistics' Consumers' Price Index came close to the record high of 174.5 per cent of the 1935-1939 average level reached in the Fall of 1948.

### The Near-Term Outlook

Practically all of the economic indicators point to a continued high level of business for at least the remainder of 1950. Military requirements for man-power and material may be expected to prevent any reduction from the peak levels of activity which might have occurred toward the year-end. The enlarged volume of manufacturers orders for third quarter delivery should insure high production and employment. Consumers' plans to increase their buying of homes, and durable goods, coupled with continued high income brighten the retail outlook.

## *Sources of the Statistical Data*

The monthly figures on population, employment, unemployment, exports, and imports are compiled by the U. S. Bureau of the Census. Population figures include armed forces overseas and are the July estimates for each year; the quarterly figures are end of period estimates. Employment and unemployment data are averages for the periods; figures through 1922 are from the National Industrial Conference Board. Export figures are the total exports of domestic merchandise; import figures are the totals of all imports.

The data on the gross earnings of industrial workers and wholesale and consumers' prices are compiled by the U. S. Bureau of Labor Statistics. Average hourly earnings reflect extra pay for overtime and late shift work. Average weekly earnings are affected by the length of the work-week; they are "before" payroll deductions. The Wholesale Price Index measures wholesale prices in terms of the 1926 level. The Consumers' Price Index is designed to reflect prices paid by moderate income families in metropolitan areas; the average 1935-1939 prices equal 100. The Retail Price Index (1935-1939=100) compiled by the U. S. Office of Business Economics, differs from the Consumers' Price Index in that the latter includes some items such as rent and utilities. The price index figures are averages of monthly figures.

Freight carloadings reported by the American Association of Railroads represent cars of revenue freight loaded for all reporting Class I railroads and their subsidiaries.

The total farm income derived from farm marketings, CCC loans, and Government payments is reported every month by the U. S. Bureau of Agricultural Economics.

The information concerning business sales and inventories, income, savings, and corporate profits is published by the U. S. Office of Business Economics. Sales figures are totals for the periods and inventory figures are for the end of each period; figures through 1922 are from "National Income and Its Composition" by Simon Kuznets. The quarterly and monthly inventories and sales figures are adjusted for seasonal variations. National income consists of the aggregate earnings of labor and property; it measures the total factor costs of the goods and services produced by the economy. Disposable personal income is the income remaining to individuals after the payment of taxes. The second quarter 1950 figures for industrial workers' earnings, national and personal income, savings, credit, and profits are estimates by the Council of Economic Advisers.

The information on business failures and liabilities, the number of businesses in operation (Names in the Reference Book), and the value of building permits in 120 principal cities is regularly collected and published by DUN & BRADSTREET, INC. Annual totals of Names in the Reference Book are from the July Book; quarterly figures are from the Book nearest the end of the quarter. A major revision of failure and liability data occurred in 1939; the data from 1945 to date have been revised to exclude all railroad failures, and are now comparable with years prior to 1945 when railroads were not included.

The annual and quarterly figures on electric power production are totals of electric energy produced by utilities and industrial establishments. They do not include generation by hotels, office buildings, or other com-

mercial establishments. The data are compiled by the Federal Power Commission.

The annual and quarterly estimates of total business expenditures for plant and equipment are regularly compiled by the U. S. Department of Commerce and the SEC.

Federal receipts, expenditures, debt, and savings bonds outstanding are reported by the U. S. Treasury Department. Annual figures are for the fiscal years ended June 30; quarterly receipts and expenditures are totals for each quarter, and debt and bond figures are for the end of each period.

Industrial production, banking, and financial statistics are prepared by the Federal Reserve Board of Governors. The industrial production index (1935-1939=100) measures the physical volume of production. The figures are averages of seasonally adjusted monthly indexes. Currency Outside of Banks, Demand Deposits Adjusted to exclude inter-bank and U. S. Government deposits and cash items in the process of collection, Loans of Commercial Banks, and Consumer Credit Outstanding are end of period figures. Turnover of Demand Deposits is reported at an annual rate. The series of Commercial Loan Rates was recently revised back through 1939.

A daily average of the prices of 30 industrial stocks is compiled by Dow-Jones & Company. The figures included here are averages for each period.

There are occasional revisions and changes in almost all statistical series. The characteristics and limitations of such data are important in many uses of the material. The editors of DUN'S REVIEW will be glad to answer any questions which may arise concerning the data.

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 Champion Spark Plug Co.—Beechcraft  
 Gaylord Container Corp.—North American B-25 and Beechcraft  
 C. F. Kettering, Inc.—Grumman Mallard  
 Union Producing Co.—Douglas DC 3 and Lockheed Lodestar  
 General Electric Co.—Douglas B 23  
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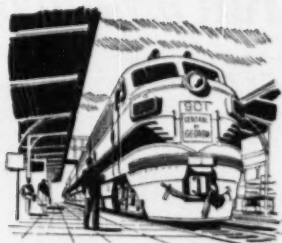
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**T**HE Central of Georgia was losing money on passenger service on the 117-mile run between Atlanta and Columbus until "Man O'War," a streamliner powered by a General Motors Diesel locomotive, went into service.

Replacing two steam trains, this modern General Motors Diesel-driven train makes two round trips daily—gives passenger modern luxury travel at lower than bus fares—and earned a two-year profit of \$71,000.

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Savings achieved through operation of Diesel motive power contrast sharply with the other ever-increasing costs of railroad operation. On top of this, service is greatly improved.

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*A Green Light*



*for Economy in Railroad Operation*

## ELECTRO-MOTIVE DIVISION

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*Home of the Diesel Locomotive*

# *How many **SINCLAIR** products* *are in this picture?*



*Less than 10?*

*More than 10?*

*More than 20?*

There are many more than 20! Here is just a partial list of the products that appear in this scene. Look, for instance—

*— at the family car:*

Sinclair supplies the paint and paint solvents—the special rubber solvent—the automobile polish—the gasoline—the motor oil—and the automotive greases (4 types).

*— at the picnic scene itself:*

Sinclair supplies crystalline wax used in the wax paper—micro-crystalline wax used in the camera film foil—the lighter fluid—and the hard-working solvents and naphthas used in dry cleaning clothes, finishing shoe leather, etc.

*— in the distance:*

Sinclair supplies the diesel fuel for the train—

railroad engine oils—railroad greases (8 types)—aviation gasolines—aviation motor oils—aviation greases (12 types)—tractor fuel—and heavy duty motor oils.

And this is only the beginning. If you include the Sinclair industrial lubricants and other products that contributed to this picture indirectly, there is practically no end to the list.

... Here are more reasons why Sinclair is "A Great Name in Oil."

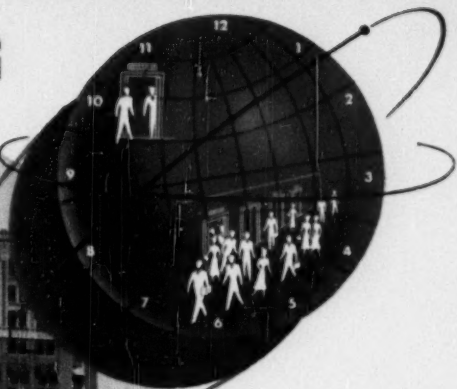
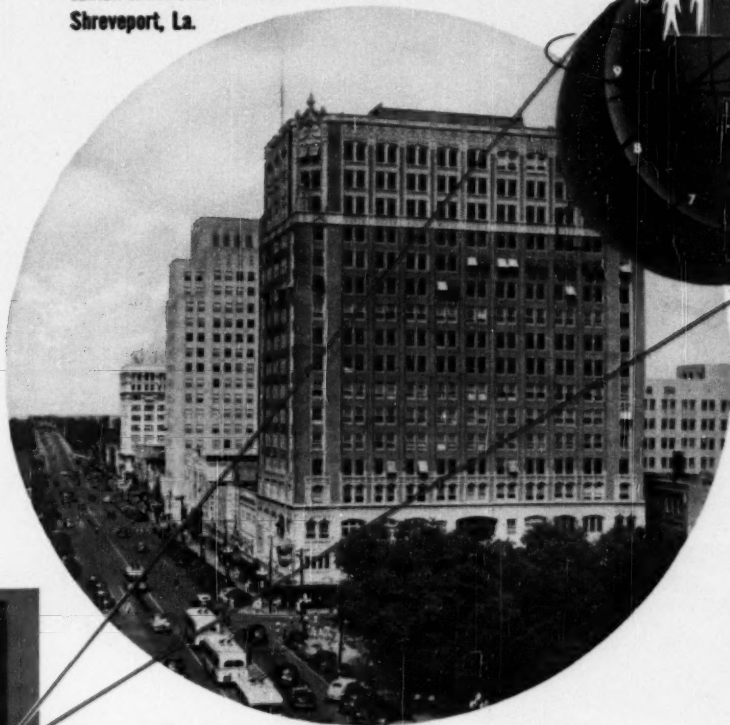
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"...well advised by Otis" means a carefully engineered plan for modernization: Faster, better coordinated elevator service to keep the Slattery Building competitively abreast of new buildings... assurance that AUTOTRONIC elevating, with its automatic supervision and 6 basic traffic programs, will provide the operating features sought by the Slattery management... assistance in designing the Otis-built entrances and cars, not only to help in modernizing the lobby and upper floors, but to make certain that the doors function perfectly as an integral part of the complete installation... finally, a construction plan that would not impair present elevator service during the change-over.

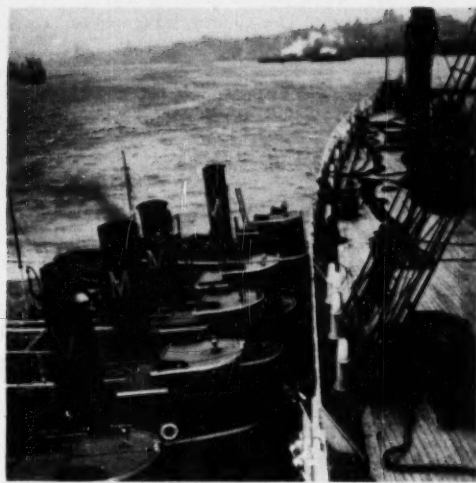
Anyone with a vertical transportation problem "will be equally well advised by Otis." And without obligation. Contact any of our 263 local offices. Otis Elevator Company, 260 11th Avenue, New York 1, N. Y.



**AUTOTRONIC**  
Traffic-Timed  
**ELEVATORING**







FUELING INTO PORT—DUVANEY PHOTOGRAPH

## *A Hearing for the Havana Charter*

WILLIAM L. BATT

*President, SKF Industries, Inc.*

**R**EMOVAL of the road-blocks to the flow of competitive trade and the exchange of currencies has become central to the attainment of world recovery. It is no less vital to the achievement of the foreign policy objectives of the United States.

This is not an isolated problem that can be solved merely by adjustments on the part of individual countries. It is international and therefore can be attacked effectively only through the concerted effort of all countries concerned with the peaceful expansion of a democratic society.

Most American business men agree that, if they are to be relieved of the burden of dollar grants after June 1952, the United States must continue to exert leadership in its effort to work toward the kind of framework in which nations will be willing and able to restore trade to the traders.

Most of the opponents of the Havana Charter agree that some form of in-

*I*MPORT QUOTAS, TARIFF REGULATIONS, AND CURRENCY EXCHANGE PROVISIONS HAVE BEEN DAMPERS TO INTERNATIONAL TRADE FOR MANY YEARS. CAN FREER ACCESS TO WORLD MARKETS BE ACHIEVED WITH ASSURANCE OF ENDURING BENEFIT TO ALL NATIONS? HERE THE AUTHOR PRESENTS THE CASE FOR THE HAVANA CHARTER AS BASED ON HIS TESTIMONY BEFORE THE HOUSE FOREIGN AFFAIRS COMMITTEE AND WEIGHS THE ARGUMENTS AGAINST ITS ADOPTION.

ternational trade organization will be necessary before nations can cut through the entanglements of restrictions and controls that have been strangling commerce and distorting trade since the end of World War II. The question seems to be whether the organization provided for in the Havana Charter is the best possible International Trade Organization.

The remarkable gains in productive capacity and in financial and political stability that have been made under

the European Recovery Program are threatened by the inability of the countries in Western Europe to restore normal European trading patterns.

In the light of our experience in Europe, it is generally agreed, even by opponents of the Havana Charter that economic recovery in Europe and throughout the democratic world will depend in large measure on the extent to which unrestricted competitive trading is restored. This can be achieved only by eliminating the multitude of

governmental barriers and controls and permitting the return of a more normal flow of trade, particularly within Europe and between Europe and the rest of the world.

It has become increasingly clear that an agency is needed in which all major trading nations can participate and one in which the commercial interests of the United States, as well as Canada and our Latin American neighbors, are adequately represented.

The Havana Charter provides the blue-print for such an agency and for that reason I believe it is to the long-range interest and immediate advantage of the United States to approve the Charter and become an active participant in the ITO.

### Not Perfect, But . . .

The many business men in all segments of our economy who share my view are quite aware of the imperfections and shortcomings of the Charter. But they are also aware that the growing network of governmental trade barriers and controls impedes and distorts the flow of trade and encourages the growth of economic and political nationalism.

They also know that the private trader is at a growing disadvantage in international trade and that, unless something is done about it—and soon, the American way of doing business, and with it the hard-won benefits of co-operation among democratic countries, will be seriously threatened.

The Havana Charter should be considered in terms of the whole document and the unsettled international picture in which the ITO must serve. Can it do the job? Will the two pillars of our foreign policy—the development of political and military security among peace-loving peoples on the one hand, and the restoration of production in Europe and the correction of the trade imbalance between Europe and the rest of the world on the other—will these be achieved more quickly or surely or better *without* the ITO?

Is it preferable to have a somewhat imperfect Charter subject to change and revision through established procedures, or no International Trade Organization at all? Is there a sound and

feasible alternative to the Havana Charter? These are the questions that opponents to the Charter have yet to answer.

The Havana Charter has developed in a straight line through international conferences from the original *Proposals for the Expansion of World Trade and Employment* first recommended by the United States in November 1945.

From the outset American principles of competitive, nondiscriminatory trade have served as the basis for numerous drafts. The commitment of prospective members of the ITO to work toward the achievement of these principles is in no way fundamentally altered by the qualifications in the present Charter.

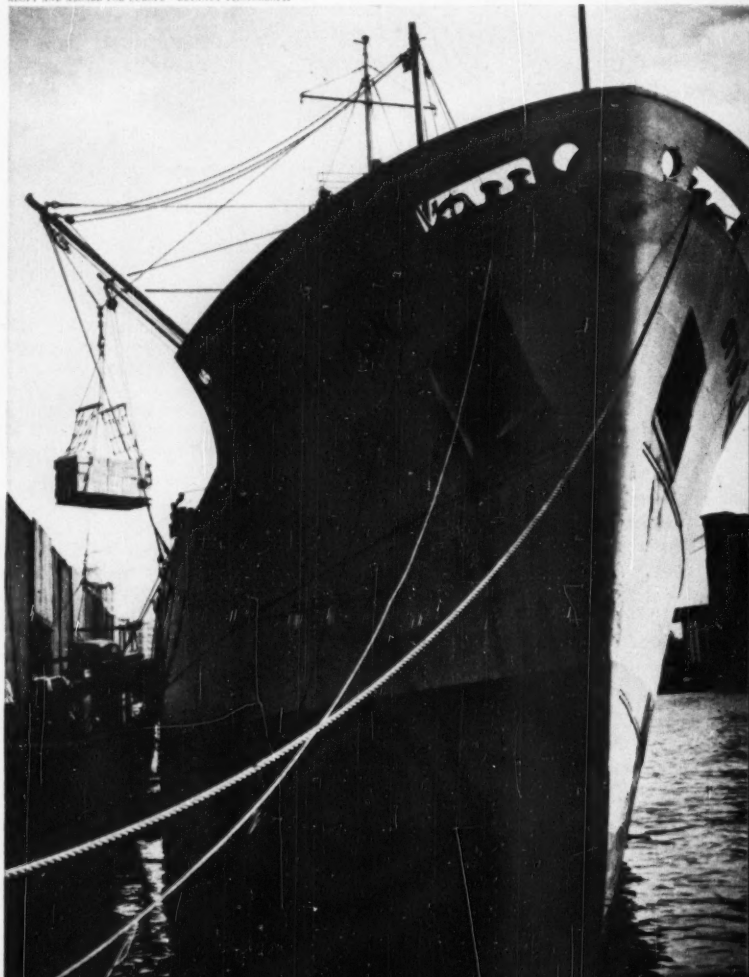
The present Charter would firmly commit all members to accord each other equal treatment; to undertake negotiations to reduce the general level

of tariffs and eliminate preferences on a reciprocal and mutually advantageous basis; and to reduce and, as soon as conditions permit, eliminate barriers other than tariffs and to give adequate justification for such restrictions that must be continued in an emergency period.

The Charter would also commit members to work toward the standardization of methods for determining value for customs purposes and the simplification of customs procedures; to operate state trading on a competitive basis; and to take appropriate measures to prevent private or government practices which restrain competition, limit access to markets, or fix artificial prices for products which move in international trade.

Considering that most of the countries in Europe have for generations sanctioned the use of private cartels as an approved and traditional way of

ALOFT AND ABOARD FOR EUROPE—HUNTER PHOTOGRAPH



doing business, the inclusion of provisions designed to establish American restrictions on cartels as the international standard is of tremendous importance.

Perhaps most important of all, the Charter will commit members to accept the principle of multilateral consultation on matters relating to commercial policy; it will commit them to place all the facts essential for effective negotiation out on the table where they can be subjected to the bright light of world opinion and of examination by experts before any action that might be damaging to other countries has been taken.

### American Concepts Basic

These principles, which are the fundamental framework of the Charter, are American and serve the kind of liberal trade in which we believe and which is essential for the survival of competitive enterprise. Agreement by representatives of 54 nations to set up an organization based on these principles represents not only an enormous advance in international economic relations but an unprecedented triumph for American trade concepts.

The Charter also establishes a *minimum* standard of good conduct with respect to the treatment of private foreign investment. Much as such a minimum standard leaves to be desired, it does represent a positive approach to an important problem and does give a multilateral framework of protection. The Charter expressly encourages the negotiation of general or special agreements on a bilateral or regional basis, such as have been negotiated recently with Ireland and Uruguay.

Commodity agreements probably will be made whether or not the Charter is approved and the ITO established. The unique contribution made to this problem by the Charter is that consuming countries will have equal

representation with the producers; clear evidence of the need for the agreement will have to be established before a commodity control agreement can become operative under the ITO. There are likely to be fewer commodity agreements with the Charter than without it, since under the Charter the approval of Congress will be necessary for United States participation.

True, the principles mentioned above have been qualified, but exceptions are carefully defined and in most cases limited in time and scope. In almost every case they are subject to periodic review.

If exceptions had not been allowed for countries to deal with temporary emergency conditions, or to permit fundamental adjustments in their economies, or (as in the case of export subsidies of primary agricultural products) to accommodate existing domestic programs of major participants like the United States, there would have been no Charter. Exceptions do not destroy the basic principles.

The exceptions to the Charter can be divided into eight main groups, four of which serve the interests of the United

States, and were included primarily at the insistence of the American delegates. These escape clauses can be evoked with little or no prior consultation or approval by the Organization.

All other exceptions are limited in time and scope and cannot come into operation until numerous conditions have been fulfilled and the Organization has studied the request. Such exceptions are subject to periodic review by the Organization.

The four exceptions that the United States persistently advocated are:

1. Suspension of trade concessions if it is found after adequate investigation that as a result of the tariff reductions increased imports of a particular product threaten a domestic industry.
2. Imposition of import quotas on agricultural products when domestic production or sale is also controlled.
3. Subsidization of exports of primary agricultural products.
4. Exemption for any measures specifically designed to protect essential national security interests.

The remaining exceptions can also be divided into four main categories:

(Continued on page 32)

ENTRAINING FOR INTERIOR DESTINATIONS—CAREW PHOTOGRAPH FROM MONCKMEYER



**LEFT** The objective of the Charter is to remove restrictions which block the international movement of surplus goods. Such a removal should help to sustain foreign demand for American products after the expiration of ECA.

**RIGHT** The Havana Charter, by reducing government controls, would restore conditions in which private traders can operate competitively; it is an opportunity for us to encourage trade along commercial rather than political lines.

UNIT COSTS ALWAYS GO DOWN AS PRODUCTION INCREASES—OR DO THEY? PROFITS ARE ALWAYS LARGEST AT THE TOP OF THE BUSINESS CYCLE—OR ARE THEY? THE FACTS REFLECT MANY BUSINESS MEN HAVE BEEN ACCEPTING GENERALIZATIONS CONSISTING OF HALF-TRUTHS.



CARLW PHOTOGRAPH FROM SHOOTING

## Costs and Profits in Changing Times

THOR HULTGREN

LABOR union leaders and writers on economics who sympathize with them have sometimes contended that a rise in the level of business activity can be relied on to bring with it a fall in cost per unit of products. According to another group of thinkers, costs tend to rise, rather than to fall, as the scale of business activity becomes larger, at least in the later stages of a business expansion. The varying shades of opinion suggest that facts about cyclical changes in cost and profit might be of some importance both for the understanding of business cycles and in forming economic policy.

In the business cycles of the past, did

production usually increase more than aggregate expenses in the expansions, fall more than expenses in the contractions? Whatever happened over the phase as a whole, was there a sharp rise in cost per unit of output toward the end of an expansion? Did managers get costs under closer control toward the end of contractions? To what extent were the changes in cost reflected in profits?

It would be desirable to answer such questions for a number of cycles. More confident generalization might then be possible; or it might turn out that there are meaningful differences among cycles. Expansions that press the resources of the economy severely might be accompanied by rising costs toward the end; milder expansions might not have this feature. It would also be de-

sirable to investigate as many segments of the business economy as possible. One kind of cost and profit experience may be typical for some industries, a different kind for others.

Unfortunately the statistical record of costs, profits, and production is very inadequate. For unincorporated firms there is practically no readily available direct, continuous information. In the corporate area, railroad reports to the ICC provide a very detailed and useful body of data covering quite a long period of time.

Official figures on other regulated industries begin much later and are less useful in other respects. Corporate income tax returns, summarized in published sources, yield a limited amount of information. For the rest, one must depend on published corporation re-



# STATUTORY DEDUCTIONS FROM INCOME, ALL MANUFACTURING AND MINING CORPORA- TIONS, PER UNIT OF PRODUCT, 1919-1938

DATE	LEVEL OF INDUSTRIAL PRODUCTION	DIRECT COSTS*			OTHER DEDUCTIONS*			TOTAL DEDUCTIONS		
		AMOUNT (Millions of Dollars)	REDUCTION OF CHANGE TROUGH TO PEAK	PEAK TO TROUGH	AMOUNT (Millions of Dollars)	REDUCTION OF CHANGE TROUGH TO PEAK	PEAK TO TROUGH	AMOUNT	REDUCTION OF CHANGE TROUGH TO PEAK	PEAK TO TROUGH
		1		2	3		4	5		6
1919	Trough	685			35			720		
1920	Peak	747	+		40	+		787	+	
1921	Trough	685		-	51		+	736		-
1923	Peak	612	-		38	-		650	-	
1924	Trough	638		+	42		+	680		+
1926	Peak	613	-		39	-		652	-	
1927	Trough	632		+	42		+	674		+
1929	Peak	605	-		40	-		645	-	
1932	Trough	545		-	66		+	611		-
1937	Peak	511	-		38	-		549	-	
1938	Trough	540		+	47		+	587		+

\* Including bad debts 1919-1927 only, net capital losses 1919-1929 only, cost of other operations 1930-1938 only. Excluding interest, taxes, contributions and gifts, depreciation and depletion throughout.

Production is measured by the index-number of the Federal Reserve board. Cost data from Bureau of Internal Revenue *Statistics of Income*. Example of calculation: All mining and manufacturing corporations claimed \$51,863,000,000 as deductions from income in 1919. F.R.B. index for that year is 72. Deductions per unit of output =  $\$51,863,000,000 \div 72 = \$720,000,000$ .

**ILLUSTRATION** "Unit costs are affected by changes in wage rates and material prices and by changes in man-hours and quantities of materials used per unit of product. It would be interesting to distinguish the effects of deflation and inflation from that of changes in physical efficiency."

INSPECTING ALUMINUM CABLE FOR POWER TRANSMISSION LINES—BRYAN'S PHOTOGRAPH



ports to stockholders. Their value varies from industry to industry.

Nevertheless, the publicly available record is by no means blank, and has improved with the years. A number of conclusions can be drawn from it.

## Develop Measure of Output

To compute unit costs one must have some measure of output comparable with the available data on aggregate cost. Many corporate reports do not include any measure of the physical volume of a company's activities. The lack of such measures arises in part from the great diversity of products in many firms. In 1948 International Harvester, for example, derived 41 per cent of its revenue from motor trucks and parts, 19 per cent from farm tractors and parts, 22 per cent from other farm implements and parts, and the remaining 18 per cent from still other sources. Each of these groups in turn included diverse products. Such are the tools with which the investigator of unit costs must work.

We can understand the usefulness and limitations of these tools better if we pause to consider what an ideal measure of output would be like. Begin with the unrealistically simple case of a company making a single homogeneous product. For such a company, there is no problem about measuring the total output; given the output and the aggregate cost, it is easy to compute the unit cost. For a firm with multiple products, the problem is to develop a composite measure of output. The alternative, to study the cost of each product separately, is usually not feasible, certainly not from published material.

The composite measure can be constructed in such a way that, when it in turn is used to compute cost per unit of product, changes in unit cost will have the same significance as in the case of a single product. This will be accomplished if production is defined as the aggregate value of all products sold at constant prices.

Even though available measures of output may occasionally mislead as to the direction of change in unit cost, computations based on them are worth examining. Let us begin with a broad review of costs in the mineral and

(Continued on page 38)



NASHUA—NEW HAMPSHIRE FOUNDATION PROPERTIES—FAIRFIELD AERIAL SURVEYS, INC. PHOTO

NASHUA, N. H., Faced a crisis threatening to cripple its economic life when Textron, Inc., employing a third of the city's industrial workers, announced it would close its mills and liquidate its properties there. What prompt and positive community action was initiated? What success has this effort achieved in establishing new industries? How did the merchants keep sales from falling off?

## *How a New England Town* ELIMINATED LARGE SCALE UNEMPLOYMENT

THOMAS HOLTON HOARE

NEARLY two years have passed since Nashua, the "Gate City" of New Hampshire on the banks of the Merrimack River, containing a population of 35,000 people, found itself in the middle of an industrial controversy that made the headlines of newspapers, magazines, and business papers all over the country.

Textron, Inc., Nashua's largest single employer, had announced the closing of its Nashua mills and the liquidation of its properties there. As a result, many prophesied the end of the great textile industry in New England.

Headlines all over the country tolled the death knell of Nashua. In a few months, they said, it was destined to become a "ghost town," casting a shadow that could engulf the entire State and might even affect all of industrial New England. Many read these stories, listened to dire predictions, and, shaking their heads, agreed that this was the end of Nashua and nothing less than a miracle could save the town. This belief was not shared by the people of Nashua and other courageous people in New Hampshire.

When the *Nashua Telegraph* came

off the press late that afternoon of September 13, 1948, its headlines spoke for the New England community that refused to be beaten. They read: "READY FOR CHALLENGE . . . CITY SWINGS INTO ACTION AS MILLS ANNOUNCE PLANT CLOSING . . . NEW INDUSTRY CAMPAIGN ON; TEXTRON TO SHUT DOWN HERE." They had sounded the note and the leaders of Nashua, together with its people, began a campaign of concerted action that has resulted to-day in Nashua being recognized as one of the brightest spots in

the New Hampshire employment picture and a place where industries, considering new locations, have shown great interest.

The story of how all this was done in such a short span of time contains no magic words or formulae. It is the story of plain down to earth Yankee ingenuity, clear thinking, and unselfish service on the part of everyone concerned.

Nashua recognized the basic fact that although Textron's decision to move out of the city would put one-third of its industrial workers out of work, the city still had 50 or more diversified industries that were in excellent condition and would continue to provide work. Logically, the next step was to see what could be done for the 3,600 who would lose their jobs on December 31, 1949, the date Textron had set as its deadline.

The night the news of the Textron decision was announced, the Chamber of Commerce met and immediately formed a committee to study the problem. It asked the Mayor to name a committee of three aldermen and three Chamber of Commerce members. The Mayor's Committee, spearheaded by then Alderman Hugh Gregg, set to work collecting facts from both Textron officials and the union. A meeting was arranged at which Textron modified the December 31 date and agreed to maintain the Jackson Sheet Metal

"as long as possible." Textron later extended that indefinite period to a full year, thus insuring continued employment for about 1,300 of the 3,600 Textron workers. This was only a temporary solution of the problem, and the people of Nashua wanted action toward a full solution that would stop at nothing less than full and continued employment for all workers.

#### Industrial Consultant Hired

The next step consisted of the formation of a new citizens' committee of the leading business men of Nashua and called the "Nashua Industrial Committee." It raised over a thousand dollars by private subscription to engage the services of an experienced industrial consultant. At the suggestion of the New England Council and the New Hampshire Development Commission, Laurence C. Plowman of Portland, Me., was brought in to devise a plan of action.

After a preliminary survey, a plan was proposed whereby the Textron holdings might be bought locally and an attempt made to sell or lease the properties as separate units to new industry with the accent on diversification.

Armed with this plan, and determined to see it through, the committee

visited officials of the Textron organization and offered to buy all of the company's Nashua properties. After ten days of discussions and negotiations, during which time hearings by a subcommittee of the Senate Commerce Committee were being held concerning Textron operations, it was agreed that the committee would buy the properties from Textron for the sum of \$500,000, of which \$100,000 was paid in cash and \$400,000 was taken as a mortgage by Textron. In addition, Textron agreed to lease back the Jackson Mills from the group for a period of ten years and to continue their sheeting operations.

Before the sale agreement and lease agreement were signed, the committee members organized the "Nashua-New Hampshire Foundation" and engaged Mr. Plowman as manager. Its seven trustees agreed that the purpose of the Foundation would be "to promote the public welfare in the City of Nashua, New Hampshire, and especially to work toward a solution of its unemployment problem by a continuous effort to attract and establish a new industrial development for that community. . . ."

Under New Hampshire law, the new organization could have been set up as  
(Continued on page 50)

*Visualizing what would be in store for the local merchants when 25 per cent of the local population, threatened with a loss of income, would be reluctant to buy anything but the bare necessities, the Nashua Chamber of Commerce instituted a vigorous advertising campaign. The successful appeal to people in surrounding towns to make Nashua their shopping center kept sales volume at a high level.*

MAIN STREET, NASHUA, LOOKING SOUTH—PHOTOMAT PHOTO

PS-10 29



# The Question OF QUESTIONNAIRES



DUNAWAY PHOTOGRAPH

V. J. WYCKOFF

*Professor of Economics, DePaul University*

EVERY time a business or professional man receives a questionnaire he must ask himself if an answer is worth while. This kind of a request for information seldom seems to offer promise of profit, and there is a definite loss of time in thinking about the answers and writing them.

Sometimes the questions are vague. Again, the correspondent may ask for details either never compiled, or on file as "confidential." What use will be made of this material?

Generally speaking, the willingness of those who receive questionnaires to fill in the blanks or write in comments is roughly proportional with the size of the business involved and its national reputation. Such businesses receive so many inquiries that they are organized to take care of this kind of mail.

First of all, private business is no

longer completely private. This is especially true of concerns which by hiring hundreds or thousands of persons affect the life of a community, a region, or even the nation. Also, should freedom from public scrutiny be expected by companies which, by seeking capital on the open market or from capital gatherers (banks and insurance companies), use the savings of many persons? In addition, businesses which, through national distribution of their products, profit from the confidence of unknown consumers in their integrity, are possibly no longer fully private.

This idea that the public has a *right* to ask questions is rather unpalatable to a man who has developed and controlled his own business or has dominated the policies of a corporation without too much concern for the public—except as consumers of his prod-

ucts. Many corporations and industries, however, have come to accept the responsibility of their prominence as evidenced by their public relations departments. The days of the "public be damned" are gone.

Furthermore, it is not mere flattery to point out that if a concern and its executives were not considered successful, ordinarily they would not be bothered with questionnaires. This view might be somewhat difficult to maintain when asked by an unknown person for figures on labor costs, inventories, or borrowed money. However, such requests should not be ignored or peremptorily refused. Let enough persons have their letters on the same subject or about the same industry go unanswered and it will not be long until there develops widespread public indignation.



*"Businesses which through national distribution of their products profit from the confidence of unknown consumers in their integrity, are possibly no longer fully private."*

COMMON PHOTOGRAPH FROM DUNSTON

The public, privately and officially, is interested in the operations of businesses which affect its daily life. Thus, the first reason a business should evince a willingness to answer questionnaires is that of favorable public relations—not only to promote good-will, but also to avoid ill will.

A second reason for answering inquiries is even less tangible. It cannot be measured easily in dollars. In academic terms it could be described as the advancement of human knowledge.

### Gaps to Be Filled

Editors of trade publications, executives of certain companies, and university professors of business management have done stellar work in describing the actual operations and problems of many enterprises. Economic theories, sometimes too finely spun, frequently appear in professional journals in connection with input, output, opportunity costs, price inflexibility and the like. But great gaps remain about the facts of daily operation of industry, trade, and commerce, and the bases of policies governing such undertakings. Until these lacunae are filled—and they will be filled, if necessary by government pressure—organized, published information about business will be incomplete. As the unhappy can attest, ignorance is not always bliss.

Business men can do much, indeed they can do most, to expand this field of knowledge by co-operating with those who are working honestly to know and make known the reasons for this country's material strength.

Self-interest is another reason for executives to answer questions directed to them. It is almost incontrovertible that any concern can learn much about itself and add to its profits through the fact-finding process involved in answering questionnaires.

Companies, as well as individuals, frequently become self-oriented. To be sure, competition and research demand alertness of administrative officers, but in time current practices seem normal and desirable. Cost records appear adequate; if there are no strikes, it is assumed that workers are contented. Stockholders, for the most part, may remain quiet, though the annual meetings of some companies are less routine

than in the past. And although a company may be proud of the way its young men work their way along toward administrative positions, promotion from within can result in executives steeped in company traditions of policy and procedure.

Letters can disturb this complacency. If several worth while inquiries which cannot be easily answered cross a vice-president's desk, the conclusion will have to be that here is something the company had better investigate.

In this connection should be mentioned the growing need of a business to have detailed data on its operations in order to take care of questions from union representatives. Up to a certain point these inquiries remain requests. But behind labor is the economic force of a strike as well as the political pressure of public boards of inquiry.

These questions, as well as the personal, private ones, can be a nuisance. But they can have nuisance value by forcing a business to examine more closely its data and policies.

Very well, grant the point that questionnaires should not be cast into the waste-basket. What then should be done with them?

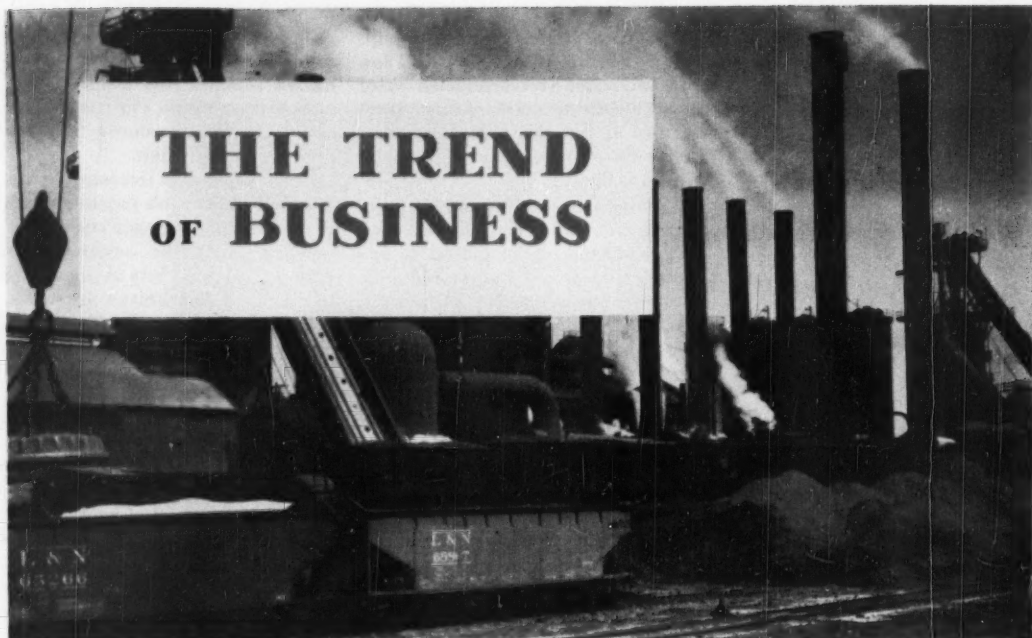
The suggestion is offered that every inquiry submitted apparently in good faith should have at least an acknowledgment within a few days. Some requests, to be sure, will have to be denied. Some will require time for the collection and analysis of figures. Some can be handled best by referring the writer to sources available in city libraries or from governmental agencies or trade associations. If the business concern publishes an annual report, perhaps it can be sent with an appropriate note.

An increasing number of corporations with publicly held securities now prepare annual statements with such care and detail in statistics, charts, explanations, statement of policies, and even general observations on the national economy that their reports can and should be used in furthering public relations. A selective mailing list apart from stockholders, might be well worth the postage.

The actual office procedure to take care of correspondence involving in

*(Continued on page 48)*

# THE TREND OF BUSINESS



IRON AND STEEL MILL IN BIRMINGHAM—GORDON PHOTOGRAPH FROM DEVANET

## PRODUCTION PRICES TRADE FINANCE

Over-all industrial production continued to expand during June and then in the first half of July was constricted moderately by vacation periods. Employment and unemployment both rose in June while consumer purchasing power remained very high. The general level of wholesale and retail prices advanced noticeably.

THE MONTH of June and the early part of July witnessed a steady rise in almost all important indicators of business activity.

Total industrial production, as measured by the physical production index of the Federal Reserve Board, was estimated to be about 199 per cent of the 1935-1939 average. A drop was expected in the first half of July as a result of many plants closing down for vacation periods.

Net tonnage steel output in June continued at the all-time high level which was established in May. Steel mill operations were at 101.5 per cent of the theoretical capacity. Some of the steel produced was for use in the booming construction industry or went into the manufacture of appliances and other types of goods necessary to furnish homes and other buildings.

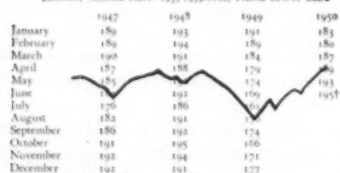
The automobile industry, normally one of the largest consumers of steel

and steel products, used up an even larger amount during June as vehicle production reached the unprecedented annual rate of 10 million units.

New dwelling units begun during the first half of 1950 totalled 687,000, a gain of 53 per cent over the first half of 1949 and an all-time high for any half-year period. Building permit values in June, as surveyed by DUN & BRADSTREET, INC., were 44.1 per cent above June 1949.

### Industrial Production

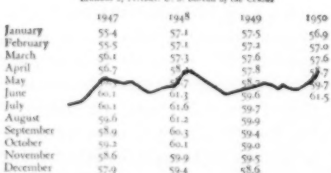
Seasonally Adjusted Index: 1935-1939=100; Federal Reserve Board



† Approximation; figure from quoted source not available.

### Employment

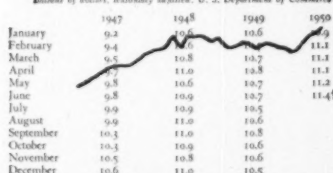
Millions of Persons: U. S. Bureau of the Census



Includes all civilian workers.

### Retail Sales

Billion of dollars, seasonally adjusted, U. S. Department of Commerce



† Approximation; figure from quoted source not available.

**Trade** While the rise in production and sales during the first four months of 1950 was confined largely to durable goods, in May and June this increase spread into many nondurable lines. Total wholesale dollar volume in June and the first two weeks in July was moderately above that in the similar period a year ago. Consumer buying, spurred by widely advertised clearances, also exceeded that of a year ago.

The DUN'S REVIEW Trade Barometer, seasonally adjusted, was 7.9 per cent (preliminary) above June 1949. The final barometer, at an all-time high of 311.5 in May, was 4.1 per cent above 1949. The sharpest change from a year ago was a rise of 10.7 per cent in both the Detroit Region (12) and the Milwaukee Region (13).

## BUILDING PERMIT VALUES—215 CITIES

Geographical Divisions:	1950	1949	% Change
New England .....	\$22,506,204	\$22,701,824	-0.9
Middle Atlantic .....	140,734,015	73,666,740	+91.0
South Atlantic .....	51,648,184	50,351,182	+2.6
East Central .....	151,475,515	86,614,614	+65.6
South Central .....	81,527,519	64,315,861	+26.9
West Central .....	39,550,473	24,545,207	+61.5
Mountain .....	15,949,326	14,850,803	+11.4
Pacific .....	86,624,346	63,699,715	+36.0
Total U. S. ....	\$568,023,104	\$394,206,002	+44.1
N. Y. City .....	\$102,362,255	\$46,189,030	+121.1
Outside N. Y. C. ....	\$465,660,849	\$347,996,973	+33.9

## WHOLESALE FOOD PRICE INDEX

The index is the sum total of the price per pound of 35 foods in general use. It is not a cost-of-living index.

Latest Weeks	Year Ago	1950
July 25..\$6.49	July 26..\$5.73	High July 18..\$6.41
July 18..6.41	July 19..5.71	Low Jan. 3..5.73
July 11..6.28	July 12..5.68	1949
July 4..6.19	July 5..5.66	High Jan. 4..\$6.12
June 27..6.04	June 28..5.59	Low Oct. 11..5.57

## DAILY WHOLESALE PRICE INDEX

The index is prepared from spot closing prices of 30 basic commodities (1930-1932=100).

Week Ending:	Mon.	Tues.	Wed.	Thurs.	Fri.	Sat.
July 22..	227.28	226.48	226.43	226.88	228.85	228.08
July 15..	225.00	225.38	226.00	225.18	225.40	224.74
July 8..	220.43	Holiday	222.01	221.33	221.45	221.28
July 1..	205.24	206.57	206.50	207.35	208.30	209.04
June 24..	204.55	205.48	205.44	205.24	204.75	204.77

## Consumers' Price Index

Index: 1935-1939=100, U. S. Bureau of Labor Statistics

	1947	1948	1949	1950
January	151.3	168.8	170.9	166.0
February	151.3	167.5	169.5	165.5
March	150.1	166.9	169.5	167.0
April	149.0	166.3	169.7	168.0
May	150.0	170.5	169.2	168.6
June	157.1	171.7	169.6	169.4†
July	158.4	173.7	168.5	
August	160.1	174.5	168.8	
September	161.8	174.5	166.5	
October	161.8	173.6	168.5	
November	164.9	172.2	168.6	
December	167.0	171.4	167.5	

†Approximation; figure from quoted source not available.

## Wholesale Commodity Prices

Index: 1934=100, U. S. Bureau of Labor Statistics

	1947	1948	1949	1950
January	143.0	165.9	160.6	151.5
February	143.2	165.1	158.1	152.7
March	150.0	161.6	158.4	152.7
April	148.0	161.0	157.0	152.9
May	149.0	161.0	157.0	152.9
June	157.7	168.4	154.5	157.3†
July	150.6	168.8	151.6	
August	151.7	169.8	151.0	
September	157.4	168.9	151.7	
October	158.5	169.4	152.2	
November	159.6	164.0	151.6	
December	161.2	161.4	151.1	

†Approximation; figure from quoted source not available.

## Industrial Stock Prices

Monthly Average of Daily Index: Dow-Jones

	1947	1948	1949	1950
January	176.10	176.26	179.75	190.79
February	181.54	168.47	174.46	201.46
March	176.66	169.04	175.87	205.30
April	171.28	166.05	175.60	206.77
May	168.67	166.18	174.01	219.36
June	171.70	191.05	165.59	221.02
July	181.51	189.05	173.14	
August	180.00	186.11	170.48	
September	180.00	186.11	170.48	
October	181.01	185.19	168.47	
November	181.41	176.60	191.61	
December	179.18	176.31	196.78	

Based on closing prices of 30 industrial stocks.

## Weekly Signposts of Activity

WEEKLY AVERAGES		SELECTED		LATEST	PREVIOUS	YEAR	WEEK
1939	1949	BUSINESS INDICATORS		WEEK	WEEK	AGO	ENDED
102	150	Steel Ingot Production		189	189	150	July 29
		Ten Thousand Tons					
76	82	Bituminous Coal Mined		70	66	112	July 22
		Hundred Thousand Tons					
69	120	Automobile Production		186	185	152	July 22
		Thousand Automobiles					
31	66	Electric Power Output		62	60	55	July 22
		Ten Million K.W. Hours					
65	69	Freight Carloadings		83	79	72	July 22
		Ten Thousand Cars					
109	285	Department Store Sales		302	265	207	July 22
		Index Number					
77	155	Wholesale Prices		164	163	153	July 25
		Index Number					
74	212	Bank Debts		227	223	204	July 15
		Hundred Million Dollars					
76	275	Money in Circulation		269	270	265	July 22
		Hundred Million Dollars					
219	178	Business Failures		160	170	168	July 27
		Number of Failures					

Sources: Amer. Iron & Steel Inst.; U. S. Bureau of Mines; Automotive News; Edison Electric Inst.; Amer. Assoc. of Railroads; Federal Reserve Board; U. S. Bureau of Labor Statistics; DUN & BRADSTREET, Inc.

On May 31 consumer credit outstanding reached a new all-time peak of \$19.1 billion. This was an increase of \$481 million from the level on April 30 and \$3.3 billion from the level on May 31 a year ago. About 75 per cent of the May increase resulted from a rise in installment credit, particularly automobile sale credit.

**Employment** Total civilian employment rose to 61.5 million persons in June from 59.7 million in May. Unemployment, which had been declining since February, rose slightly to 3.4 million, the increase coming primarily from the influx of students into the labor market. Some of the increase in employment, of course, was due to the same thing. The total

civilian labor force in June was the highest ever, totalling 64.9 million persons.

**Prices** Most wholesale commodity price averages rose during June and early July. DUN & BRADSTREET's Daily Wholesale Commodity Price index, which was at 266.14 on June 1, was at 276.09 on July 12.

Security prices broke sharply at the end of June and continued to slide downward in the first two weeks of July. The Dow-Jones average of 30 industrials was at 199.06 on July 12, as compared with 223.23 on June 1 and the month's high of 228.38 on June 12. Stock transactions reached nearly 4 million shares on June 26 when the industrial average fell more than 10 points.

**Failures** Business failures declined 17 per cent to 725 in June, reaching the lowest level since July 1949. They remained below pre-war totals; concerns failing in June were only two-thirds as numerous as in the comparable month of 1939 and 1949. The Failure Index which projects the monthly failure rate to an annual basis and adjusts for seasonal fluctuations, declined to 32 failures per 10,000 concerns in business as against 36 in June a year ago and 70 in the similar month in 1939.

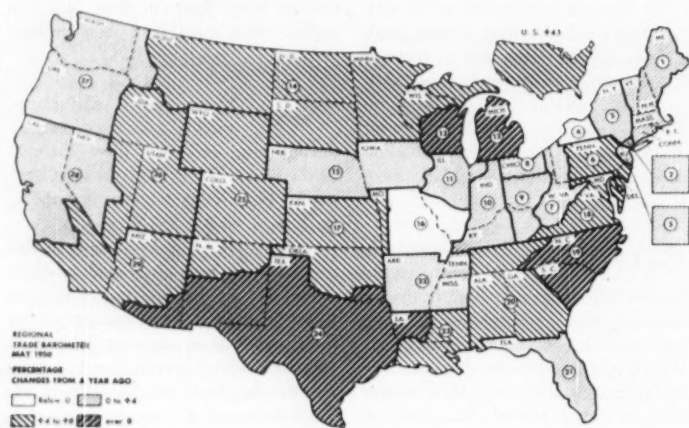
Liabilities involved in June casualties totalled \$18,072,000, the smallest volume in nearly two years and some \$10 million below June 1949. Despite this decline, they bulked larger than in any pre-war June since 1936.

In all size groups, casualties were less numerous than in May and all except those with liabilities of less than \$5,000 were below June 1949. The decrease from a year ago was twice as sharp among failures with liabilities of \$25,000 or more as among those involving lesser sums.

A decline from May prevailed in all industry and trade groups except commercial service. There was a noticeable decrease in failures in most retail trades. In manufacturing the only major exception to a general May-to-June drop was the transportation equipment industry.

Except for the Middle Atlantic States, failures were less numerous than a year ago in all the major geographic regions.

## Regional Trade Activity



REGIONAL TRADE BAROMETERS FOR 29 REGIONS  
(1945-1949=100)

REGION:	May 1950	May 1949	% Change from May 1949
United States.....	311.5	311.5	+ 4.1
1. New England.....	218.3	218.3	+ 2.3
2. New York City.....	290.2	290.2	+ 0.2
3. Albany, Utica, and Syracuse.....	274.4	274.4	+ 0.1
4. Buffalo and Rochester.....	279.7	279.7	+ 0.4
5. Northern New Jersey.....	275.6	275.6	+ 1.8
6. Philadelphia.....	279.5	279.5	+ 4.7
7. Pittsburgh.....	276.2	276.2	+ 3.4
8. Cleveland.....	302.6	302.6	+ 3.7
9. Cincinnati and Columbus.....	310.2	310.2	+ 1.1
10. Indianapolis and Louisville.....	313.8	313.8	+ 3.0
11. Chicago.....	275.6	275.6	+ 1.4
12. Detroit.....	313.0	313.0	+ 0.7
13. Milwaukee.....	344.7	344.7	+ 10.7
14. Minneapolis and St. Paul.....	330.4	330.4	+ 7.4

REGION:	May 1950	May 1949	% Change from May 1949
15. Iowa and Nebraska.....	310.4	310.4	+ 2.4
16. St. Louis.....	276.8	276.8	+ 0.1
17. Kansas City.....	306.7	306.7	+ 4.3
18. Maryland and Virginia.....	266.2	266.2	+ 4.6
19. North and South Carolina.....	351.6	351.6	+ 8.1
20. Atlanta and Birmingham.....	409.6	409.6	+ 7.2
21. Florida.....	354.7	354.7	+ 2.3
22. Memphis.....	353.5	353.5	+ 5.5
23. New Orleans.....	377.4	377.4	+ 3.1
24. Texas.....	434.7	434.7	+ 10.5
25. Denver.....	288.2	288.2	+ 7.5
26. Salt Lake City.....	314.5	314.5	+ 3.6
27. Portland and Seattle.....	361.4	361.4	+ 5.5
28. San Francisco.....	318.3	318.3	+ 3.9
29. Los Angeles.....	318.6	318.6	+ 7.0

## BANK CLEARINGS (Thousands of dollars)

	1950	1949	% Change
Total 24 Cities.....	30,058,274	26,885,599	14.0
New York.....	3,495,815	3,140,699	2.4
Total 25 Cities.....	64,093,592	59,536,298	7.7
Average Daily.....	7,465,148	2,386,473	7.2

## NEW BUSINESS INCORPORATIONS

	May 1950	May 1949	Five Months 1950	Five Months 1949
New England.....	599	469	2,741	2,400
Middle Atlantic.....	519	397	2,159	1,704
East North Central.....	1,455	1,205	7,174	6,241
West North Central.....	458	420	1,878	1,664
South Atlantic.....	1,266	1,007	5,843	5,005
East South Central.....	266	241	1,182	1,201
West South Central.....	652	493	2,601	2,401
Mountain.....	347	306	1,574	1,279
Pacific.....	926	716	4,286	3,474

## THE FAILURE RECORD

	June 1950	May 1950	June P. C. 1949-Chg.
DUN'S FAILURE INDEX*			
Unadjusted.....	31.2	37.6	35.7 - 11
Adjusted, Seasonally.....	31.5	35.5	36.1 - 13
NUMBER OF FAILURES.....	725	874	818 - 12
NUMBER BY SIZE OF DEBT			
Under \$5,000.....	169	197	158 + 7
\$5,000-\$25,000.....	373	450	415 - 10
\$25,000-\$100,000.....	151	186	304 - 20
\$100,000 and over.....	32	41	93 - 35
NUMBER BY INDUSTRY GROUPS			
Manufacturing.....	167	197	313 - 22
Wholesale Trade.....	67	109	92 - 37
Retail Trade.....	363	426	373 - 2
Construction.....	61	80	74 - 15
Commercial Service.....	57	82	75 - 11
CURRENT.....	\$18,072	\$12,657	\$28,161 - 35
TOTAL.....	21,085	32,850	26,770 - 21

\* Apparent annual failures per 10,000 enterprises, formerly called DUN'S INSOLVENCY INDEX.  
† Per cent change of June 1950 from June 1949.

## FAILURES BY DIVISIONS OF INDUSTRY

	(Current liabilities in thousands of dollars)	(Number)	(Liabilities Jan.-June 1950)	(Liabilities Jan.-June 1949)
MINING, MANUFACTURING.....	1,160	1,160	51,768	70,014
Mining—Coal, Oil, Misc.....	16	27	2,038	3,393
Food and Kindred Products.....	131	131	7,800	9,417
Textile, Textiles, Apparel.....	243	184	8,819	6,874
Lumber, Lumber Products.....	185	160	6,013	11,847
Paper, Printing, Publishing.....	60	57	3,361	4,235
Chemicals, Allied Products.....	28	36	4,090	861
Leather, Leather Products.....	45	53	1,161	2,179
Stone, Clay, Glass Products.....	33	31	1,611	1,650
Iron, Steel, and Products.....	41	34	5,478	7,494
Machinery.....	129	142	6,111	15,275
Transportation Equipment.....	31	41	2,307	4,110
Miscellaneous.....	266	164	2,273	6,129
WHOLESALE TRADE.....	595	559	21,748	23,517
Food and Farm Products.....	153	155	6,808	7,403
Apparel.....	25	31	608	1,282
Dry Goods.....	11	18	341	390
Lumber, Bldg. Mats., Hdw. ....	67	55	3,373	3,550
Chemicals and Drugs.....	21	27	390	929
Motor Vehicles, Equipment.....	37	46	949	1,141
Miscellaneous.....	282	287	8,554	9,804
RETAIL TRADE.....	2,801	2,686	42,681	36,243
Food and Liquor.....	484	449	14,441	14,717
General Merchandise.....	143	138	4,579	4,905
Apparel and Accessories.....	414	395	5,066	5,224
Furniture, Furnishings.....	248	245	5,203	5,005
Lumber, Bldg. Mats., Hdw. ....	143	143	3,102	3,203
Automotive Group.....	76	97	1,161	1,854
Eating, Drinking Places.....	125	101	8,106	8,510
Drug Stores.....	50	54	947	941
Miscellaneous.....	251	228	3,049	3,872
CONSTRUCTION.....	421	308	13,613	12,811
General Bldg. Contractors.....	146	117	4,550	4,584
Building Sub-contractors.....	285	235	6,160	6,013
Other Contractors.....	20	16	804	1,021
COMMERCIAL SERVICE.....	377	381	9,275	16,097

\* The Failure Record from 1945 to date has been revised to exclude all railroad failures; data is now comparable with years prior to 1945 when railroads were not included.



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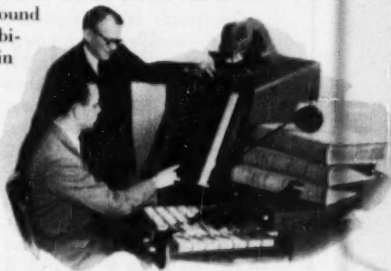
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## HAVANA

(Continued from page 21)

1. Imposition of quantitative restrictions for a period and to an extent necessary to restore or protect monetary reserves if the International Monetary Fund has ruled a country to be in balance of payment difficulties.

2. Limitation of the most-favored-nation rule, allowing preferential treatment where it is related to the establishment of a customs union. (This exception is essential for the achievement of unification in Europe.)

3. Establishment of new preferences under special circumstances for fixed periods when they are found to be necessary to the promotion of economic development.

4. Imposition of import quotas to protect infant industries.

All of the practices for which exceptions are provided exist and will doubtless continue to exist with or without the ITO. Without the Charter, the United States will have no effective means of checking their spread or working for their elimination.

With the Charter and through the ITO the United States can exert continuous pressure to reduce restrictions, bring them out in the open, discuss their use, and eventually have them removed when the conditions that make them necessary to-day have been corrected.

The importance of the International Trade Organization as outlined in the Charter and the detailed provisions for consultation, for the investigation of complaints, and for the settlement of differences should not be underestimated. It is of historic importance that in this troubled, unsettled period, representatives of 54 nations have been able to agree on the blue-print for an international agency specifically designed to permit the full exploration and effective negotiation of their trade differences. This is a triumph of American leadership.

The ITO will aid American business by limiting the freedom of governments to take sudden and arbitrary actions that are restrictive and discriminatory to the private traders of other countries. Governments will be required to bring their restrictions out into the open, call them by their right

name and give adequate reasons for their continuance.

The Charter accepts tariffs, which require a minimum of government control, as the principal means for modulating trade; but in sweeping language *all* forms of quantitative restrictions "whether made effective through quotas, import or export licenses or other measures" are condemned. Internal excise taxes on imported goods, that act as hidden tariffs, are forbidden.

### Controls on Cartels

Restraints are put upon the operation of private and public cartels which are harmful to the conduct of competitive private trade. Members are required to take appropriate and feasible measures to maintain employment and eliminate "unfair labor conditions."

Members of the ITO will be pledged to remove discriminatory customs procedures. The ITO will assist members to standardize the determination of value and classification of products for customs purposes, to reduce the number and diversity of customs fees and charges, and to simplify import and export documentation requirements. Members will agree to publish promptly all laws, regulations, and rulings pertaining to the valuation or classification of products for customs purposes and to establish appeals boards that can give objective reviews of customs decisions. The Organization will serve as a clearing house for this vital information.

The contribution of this aspect of the Organization's work toward the achievement of our foreign policy objectives is made dramatically clear by contrasting it with the impenetrable secrecy that shrouds the trade activities of Soviet Russia and its satellites.

The basic objective of the Charter and the Organization is to remove that great wall of barriers and restrictions which on every hand blocks the international movement of surplus goods. Such commodities are already beginning to seek markets and in the years to follow may be of far larger proportions.

By expanding markets and trade income this should help to sustain foreign demand for American products after 1952 when presumably we shall have



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ceased supplying ECA dollars for the purchases of other countries.

The Havana Charter has been more closely studied than almost any other piece of international legislation except the European Recovery Program. It has been subjected to a baffling variety of criticisms.

### Criticisms and the Charter

Proponents for the Charter were told that the Charter is too weak; that it is too strong; that it is too loose; that it is too rigid; that it is too detailed and, at the same time, not sufficiently specific; that it is long, complicated, ambiguous and subject to varying interpretations (a comment that might be made of every law that was ever written).

The best answer to these arguments was given by ECA Administrator Paul G. Hoffman who strongly urged approval of the Charter. "In the fight for freedom, in which we are now engaged," he said, "we cannot wait for the perfect instrument; time is of the essence and we must move forward with the best instruments we have."

As previously indicated, the opponents of the Charter have presented many specific and conflicting criticisms, some based on very selective readings of the 106 Articles and 16 Annexes of the Charter. However, all the groups that opposed the Charter at recent hearings before the House Foreign Affairs Committee seemed to agree on one major criticism:

"The Charter would require an unconstitutional delegation of Congressional authority to the International Trade Organization, in which the United States would have only one vote; trade and domestic policies of the United States, therefore, would be subject to the dictates of an international (foreign and, for the most part, socialistic) body."

There is no reason for the assertion that the ITO will set up a bureaucratic superstate which will eventually dictate United States trade and domestic employment policies. The Charter proposes to establish a voluntary organization of sovereign states with the purpose and function of studying trade problems, discussing conflicts in open forum, and seeing that countries live up to their voluntary commitments for the

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gradual limiting and withdrawing of government interference with trade. There is no place in the Charter that gives the International Trade Organization the power to *force* a member to alter its external or internal policies.

For example, the ITO is not empowered to force a member to make tariff changes. The members are required to undertake "negotiations directed to the substantial reduction of the general levels of tariffs . . . and to the elimination of preferences on a reciprocal and mutually advantageous basis."

The Charter specifically adds "no member shall be required to grant concessions to other members without receiving adequate concessions in return."

Many of the witnesses charged that Article 17 of the Charter carries with it a commitment to *reduce* tariffs. A careful and objective reading of Article 17 will disclose that it commits members only to *negotiate* in good faith. To object to that is to object to the foundation of the present trade policy of the United States as approved by Congress.

Further, the section dealing with employment states that "each member shall take action . . . appropriate to its political, economic and social institutions." No one can seriously believe (although it was so argued by several opponents of the Charter including the National Foreign Trade Council and the United States Chamber of Commerce) that the Organization is going to tell the United States Government what actions are appropriate to its political, economic, and social institutions.

#### The Question of Voting Power

Most of the critics stated that because the United States will have only one vote it will be consistently outvoted, enabling other countries to gang up to force upon us measures not consistent with our policies or beliefs. Experience does not support this prediction. Except for the International Bank and the Monetary Fund, where a system of weighting gives the United States one-third of the votes, one vote per country has been the accepted procedure in all international organizations.

No convincing evidence has yet been supplied that the United States has found itself consistently out-voted or stripped of persuasive influence at international gatherings because of this limitation to one vote. Those who share this fear underestimate the power and prestige of the United States in international circles, and the ability of its representatives to hold their own in such bargaining.

On some of the most important decisions, namely, those relating to the continuance of quantitative restrictions because of a country's adverse financial position, the determination will be made by the International Monetary Fund, on which the United States has a weighted vote.

Comment on the superstate criticism would not be complete without noting that several of the opponents insisted that the ITO would not have enough power. They suggested that the organization should be given the power to *prohibit* "bad" practices like quotas and exchange controls and to *force* governments to change internal policies if some member nation considers that

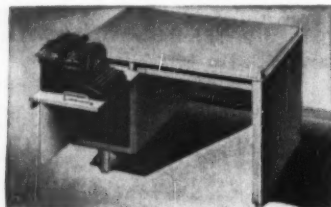


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such policies prolong balance of payments difficulties.

The ITO has not been invested with such powers. The United States would not consider participation if it had and I certainly would not be an advocate of such a subversion of the principles for which this nation stands.

The United States Chamber of Commerce urged that the Charter is too complex and should be scrapped for a new one based on broad principles. Although it proposed this solution in its testimony in an earlier document, it indicated scepticism that renegotiation is a practical possibility.

Even the most cursory review of the course of international economic relations in the past few years indicates that had the Havana Charter been negotiated at this time it would have been much less favorable to the United States and its interests. Indeed, it is quite questionable that agreement could be reached even among the major trading nations.

### **Conflicting View-points on Trade**

Another principal line of the Charter opponents (including the National Foreign Trade Council to my surprise and, indeed, to the surprise of many NFTC members who were not informed before the hearings of the position their organization was going to take) is that a bilateral approach to trade would be preferable in the present period to the multilateral method outlined in the Charter. Some opposition groups, like the National Association of Manufacturers, endorse multilateralism as an ideal, but recommend bilateral means for achieving it.

Proponents of this view mean that a bilateral or nuclear approach would serve the advantage of the United States best, although this is highly questionable and not susceptible to proof. The last country in the world that should advocate bilateralism is a country with a large and persistent export surplus.

The record provides ample evidence that bilateral deals tend to lop off excess exports and, therefore, to reduce trade to the level that can be supported by imports. If the United States had followed this method in 1949 (a method which has been highly recommended by the American Tariff League) exports would have been cut almost in

half. This does not seem to provide a solution for our trade problems.

Some critics object to the Charter and the ITO because they say it will deprive the United States of the power of effective economic retaliation.

This criticism seems to be contrary to the rôle of the United States in world affairs, particularly the nature of its influence with democratic countries and the leadership that this imposes.

#### Economic Retaliation

Retaliation as a method of economic intercourse is contrary to everything the United States represents as the world's outstanding democracy. More important, it is contrary to the nation's best business interests. It would not help this country to achieve its economic objectives, but would probably guarantee the failure of its political goals.

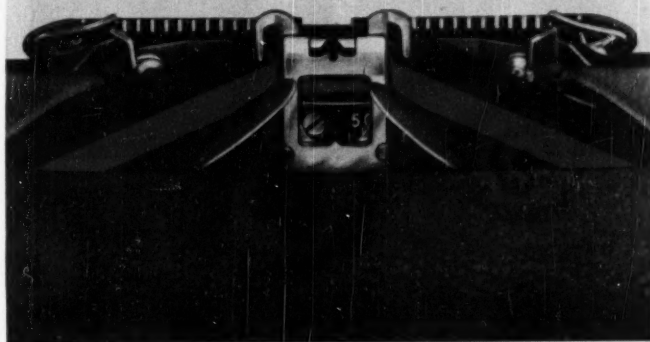
The business organizations opposing the Charter have invested much time and sincere effort in analyzing the weaknesses of the Charter. Despite the fact that they have been working on this for two years (some much longer) none have yet come forward with a constructive, practical alternative.

The Havana Charter is the one means by which government controls over foreign trade can be reduced and thus restore conditions in which private traders can operate. It is the best opportunity for this country to encourage trade along commercial rather than political lines.

It is probably our last chance to have international negotiation accepted by a majority of trading nations as the way to resolve commercial conflicts and to establish orderly procedures for removing governmental restrictions and for expanding foreign trade on a world-wide basis.

There are many people who cannot accept these conclusions. I am convinced that, except for the idealists who genuinely desire a better instrument and honestly believe that, despite present world-wide economic maladjustments, it would be possible to attain it, those who oppose the Charter do not have confidence in the ability of Americans to hold their own in international negotiations. Some of the opponents seem to have lost their confidence in international economic co-operation.

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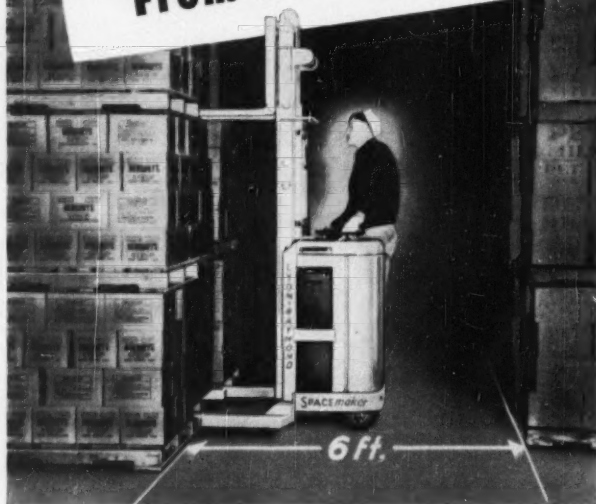
They distrust any organization that the United States does not control lock, stock, and barrel. They believe that this country can best protect its economic and political interests by playing a lone hand and using its powerful position to exert a muscular advantage either through bilateral deals or through the threat of retaliation. Some of them believe that the United Nations is ineffectual and that any effort to strengthen it in the economic area is wasted.

I do not share these views—any of them! Those who support the Charter

share my conviction that the Havana Charter is the best possible agreement that could be achieved to-day; that we can not wait for the perfect instrument; that peace and security can be achieved only through the broadest possible international co-operation, politically as well as economically; that world recovery and peace require our active participation in the United Nations and the continued world-wide political and economic leadership of the United States; that this leadership can effectively achieve our fundamental political and economic objectives not on the

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basis of coercion, but only by demonstrating constantly the long-run effectiveness of democratic procedures.

This will mean subjecting international trade problems to the clarifying light of discussion and for the first time in history dealing with them by means of multilateral consultation, negotiation and compromise through the facilities of the International Trade Organization.

*The Havana Charter for an International Trade Organization may be obtained from the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. Price 25 cents.*

**COSTS AND PROFITS**

*(Continued from page 23)*

manufacturing industry as a whole. Aggregate costs in this area may be measured by the deductions mining and manufacturing corporations report in their income tax returns. Output may be measured by the Federal Reserve Index of Industrial Production which combines individual industries on the basis of value added by each industry in the base period. We may think of this index as measuring output in units (very large units), each unit being equivalent to 1 per cent of total production in the base period, 1935-1939. To point up the comparison between deductions and output we may divide the costs by the index, obtaining the average cost of producing one unit (see table on page 23).

If unit cost were inversely related to volume one would expect it to fall in each expansion of industrial production, and to rise in each contraction. This happened in only seven of the ten instances for which we have data, and the exceptions include the severe contractions 1920-1921 and 1929-1932 (column 6).

Certain kinds of deductions from income, mainly interest, depreciation, and State and local taxes, are inflexible in the aggregate. Per unit of production, one would expect them to fall in every expansion and rise in every contraction. They did so with only one exception



(column 4). But they are of minor importance in manufacturing and mining, and excluding them does not change our general conclusion (column 2).

Unit costs are affected both by changes in wage-rates and prices of materials and by changes in man-hours and quantities of materials used per unit of product. It would be interesting to distinguish the effect of inflation and deflation from that of changes in physical efficiency.

In manufacturing, Fabricant's index of man-hours per unit of output tells us something about the latter factor. From 1919 to 1939 his index declines almost continuously, largely because of the many technological improvements during this period.

But, if expanding volume also tends to reduce unit requirements, one would expect the decline in man-hours per unit to proceed more rapidly when manufacturing output was growing than when it was declining. Actually there was no consistent difference between the rate at which the index fell in expansions and the rate at which it fell in contractions. These remarks are based on computations from the data in Solomon Fabricant's *Employment in Manufacturing, 1890-1939* (National Bureau of Economic Research, 1942), p. 331.

#### Limitations on Data

The data on cost and output have their limitations. The deductions, of course, pertain to corporations only; unincorporated firms contribute a small fraction of industrial output. The individual measures of production, combined in the Federal Reserve Index on the basis of value added by each industry in the base period, take little account of changes in the kind of product. Nevertheless, if there were a strong and widespread tendency for unit cost to vary inversely with volume, one would expect it to show up in these figures.

It may be that such a tendency prevails in some industries, while an opposite tendency prevails in others, with no consistent net effect on the over-all averages.

The automobile industry may be one of those in which unit costs are frequently related inversely to cyclical

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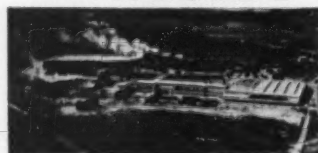
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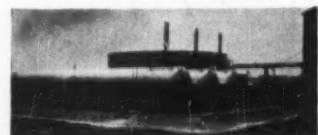
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changes in volume. Comparisons can be made between peak and trough years in the output of individual companies in 26 instances during the period 1920-1938. All but one of eleven comparisons of a trough with the first following peak year indicate that the number of motor vehicles sold increased by a greater percentage than aggregate cost.

Twelve of fifteen comparisons of a peak with the subsequent trough year indicate that the number of cars sold diminished by a greater percentage than aggregate cost. These comparisons suggest that cost *per unit* was inversely related to the number of cars sold.

But the figures used in making these comparisons include the cost of making parts for sale as such, and in some cases the cost of making non-automotive products, such as refrigerators. The parts business is probably more stable than the new-car business. If we had a measure of output including parts and other products, or if we could exclude non-vehicle costs from the total, we might not find that fluctuations in output usually exceeded fluctuations in cost. The possibility is illustrated by

data from a study by the Federal Trade Commission, whose accountants segregated motor vehicle costs from costs of parts and other products. The aggregate cost of General Motors, for all products, fell only 65 per cent from 1929 to 1932; the number of vehicles sold declined 71 per cent. But cost *assigned to motor vehicles* declined by the same percentage as the number of vehicles.

General Motors obtained an unusually large portion of its total revenues from sales of other products than motor vehicles. For companies which derived nine-tenths or more of their revenue from automobile sales, the percentage change in vehicle costs was closer to the percentage change in total costs.

The FTC data begin just before the great depression and end in 1937. Each of the seven companies studied had a peak in the number of cars it sold early in the period, a trough near the middle, and another peak near the end. The most common dates were 1929, 1932, and 1937, respectively, although the year of maximum or minimum production varied somewhat from company to company.

Only three of the companies had a greater decline in number of cars sold

## UNIT COSTS AND MAN-HOURS IN FINISHED STEEL PRODUCTION

YEAR	SHORT TONS SHIPPED (in thousands)	PHASES	UNIT COSTS PER TON			MAN-HOURS A TON
			EMPLOYMENT (in dollars)	PRODUCTS, SERVICES (in dollars)	TOTAL (in dollars)	
1	2	3	4	5	6	7
1904	7,325	Trough	13.79	19.43	33.22	71.8
1907	11,511	Peak	13.97	14.69	28.66	65.2
1908	6,820	Trough	17.67	15.38	33.05	82.6
1910	11,777	Peak	14.86	13.34	28.20	66.3
1911	10,340	Trough	15.63	14.15	29.78	66.8
1912	13,771	Peak	13.77	15.56	29.33	57.9
1914	9,935	Trough	16.38	15.47	31.85	63.7
1916	17,105	Peak	15.43	15.51	30.94	53.2
1919	13,470	Trough	*	*	*	*
1920	15,534	Peak	*	*	*	*
1921	8,758	Trough	38.05	28.53	66.58	69.7
1923	15,870	Peak	29.64	23.78	53.42	50.9
1924	12,705	Trough	34.92	21.00	55.92	53.7
1926	15,771	Peak	29.76	21.98	51.74	45.1
1927	14,310	Trough	28.84	22.58	51.42	43.3
1929	16,813	Peak	24.40	20.82	45.22	35.6
1932	4,324	Trough	32.03	32.79	64.82	52.3
1937	14,008	Peak	31.71	24.31	56.02	36.4
1938	7,316	Trough	40.24	31.21	71.45	42.8

\* Shipbuilding was an important activity and tonnage shipments are probably not a good measure of this activity. For this reason no data are shown for these years or for the period of World War II.

SOURCE: Basic data from historical summaries in recent annual reports of United States Steel Corporation to stockholders.

than in motor vehicle cost. In the following recovery, however, every company increased the number of vehicles it sold by a percentage greater than the increase in its motor vehicle cost.

By the composite standard proposed in an earlier paragraph, the number of cars and trucks is not an ideal measure even of motor car and truck production. If the number of expensive-type vehicles increases faster than the total number, the latter will understate the rise in "production" as previously defined. Full data with which to make price-weighted indexes of production are not available, but we can experiment a little on the importance of changes in type of product.

### Adjusted Output Index

We know the number of Cadillacs, Buicks, Chevrolets, and so on, that General Motors sold in 1929 and in 1932, and the average price it received for vehicles of each make in 1929. Multiplying the average 1929 price of each make by its 1932 production, adding the figures so obtained, and comparing their sum with the 1929 aggregate value of sales, we obtain an index of output partially adjusted for changes in "product mix."

This procedure can be applied to four of the companies in the approximate 1929-1932-1937 cycle. The percentage decline it indicates differs materially from the percentage decline in the unadjusted number of cars in two instances. In one of these, a lesser decline in number of vehicles than in cost becomes a greater decline in production than cost.

When a similar procedure is applied to the expansion phase, however, the rise in output computed by this procedure still exceeds the rise in motor vehicle cost for every company.

Each make of car is usually produced in a variety of models. The procedure just described makes no allowance for changes in the relative importance of high and low-priced models.

If sales of the higher-priced makes and models hold up better in a depression than sales of less expensive types, a true measure of output will not decline as much as the number of vehicles. The decline in a weighted index might be less than the decline in aggregate cost, even if the decline in number was



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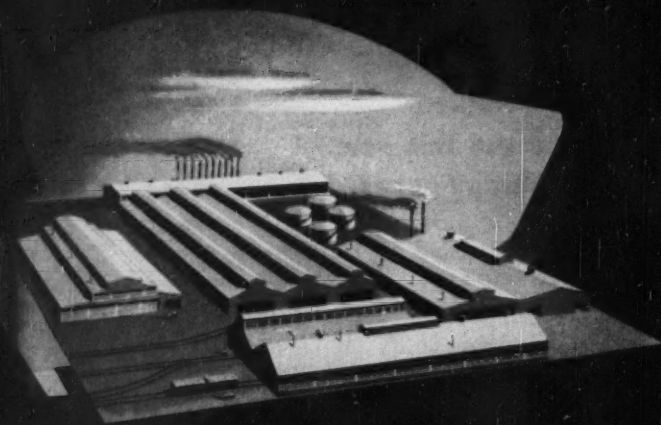
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greater than was the decline in cost.

Conversely, if sales of inexpensive types pick up faster than sales of expensive types as prosperity returns, comparisons of the increase in number with the increase in cost might be misleading. But it seems unlikely that more expensive types are purchased in depression than in prosperity, as a general rule.

Post-war data on vehicles sold and aggregate direct costs are available for five companies. These costs exclude interest, depreciation, taxes other than social security, and various reserve deductions, but they include costs of non-vehicle products. Contrary to much past experience, the cost of all but one rose more rapidly, from 1946 to 1948, than the number of vehicles sold.

Sales of non-vehicular products may or may not have increased more than sales of cars and trucks. Sales of deluxe models may or may not have increased faster than sales of plainer models. It seems likely, however, that unusually large rises in wage-rates and prices of materials have been an important factor in the disproportionate rise in costs.

### The Steel Industry

An inverse relation between unit cost and volume is perhaps more consistently and impressively evident in the steel industry than in the automobile industry. Except in periods when ships were an important product, we may take the tonnage of finished steel products shipped as a rough measure of production.

Direct costs of United States Steel Corporation per ton shipped fell from every trough in the Corporation's shipments to the following peak, rose from almost every peak to the following trough (see table on page 40). The only exception was a decline, very slight, in the contraction 1926-1927.

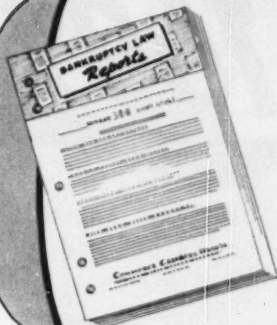
The data published by USSC enable us to distinguish between the effect of the input-output factor and that of the wage-rate or price factor on cost, as far as employment costs are incurred.

Man-hours per ton shipped diminished in every expansion of production, increased in every contraction except 1926-1927 (column 7). Average hourly earnings rose in every expansion phase, but also in every contraction phase ex-



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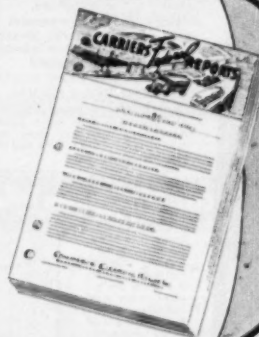
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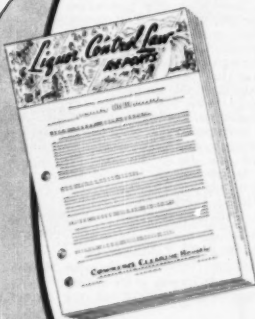
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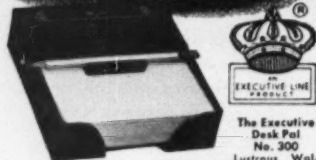
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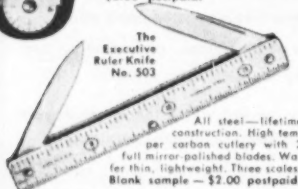
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cept the years 1920-1921 and 1929-1932.

In those phases in which the wage factor tended to oppose the effect of the input-output factor on unit cost, the wage factor was usually less powerful than the other. Except in 1904-1907 the direction of change was the same in employment costs per ton (column 4) as in man-hours per ton.

No measure of the physical volume of "products and services bought" is available. In dollar terms, costs of this kind per ton did not vary as systematically as labor costs. They fell in only five of eight expansions, rose in only five of seven contractions (column 5). Total direct costs, nevertheless, varied inversely with output except in 1926-1927 (column 6).

#### Other Comparisons

Similar computations for Bethlehem Steel Corporation likewise indicate that man-hours per ton shipped, employment cost, and total direct cost were inversely related to volume. Other large steel companies have not published their labor cost over any extended period, but comparison of their reported total direct costs with their shipments, production of ingots, or per cent of capacity operated also suggests that unit cost tends to vary inversely with the scale of operations.

Different kinds of steel products sell at different prices, and the relative importance of high- and low-priced items varies from year to year. If we had an index of output in which the various kinds of tonnage were weighted by their respective prices in a base period, its fluctuations would differ somewhat from those in unweighted tonnage. For the years 1927 to 1938, USSC has published figures on "weighted tons" shipped.\*

Each product was weighted by its "average mill cost." The resulting measure of composite output is not the same as the one we would get if we could weight the quantity of each product sold by its average price. But the cost-weighted measure probably would resemble the price-weighted measure more closely than unweighted tonnage does.

When the aggregate direct costs used to compute column 6 are divided by the

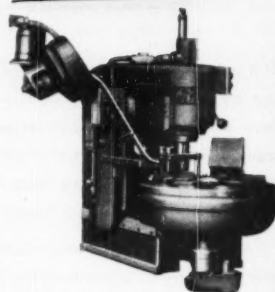
\* Temporary National Economic Committee, Hearings, Part 26, p. 14939.

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cost-weighted tons the figures, in dollars per ton, are obtained for peak and trough years. The direction of change reflected by these figures is the same as in column 6.

For many industries there is not even a crude measure of physical output. For some, however, there is information on their margin of profit, and hence on their ratio of costs to sales. If we multiply an index of the cost ratio by an appropriate index of prices received by the enterprise or industry to which the cost data pertain, we obtain an index of unit cost.\*

This has been done, in a rough way, for a limited number of industries (see table below). The margin data for 1937 do not pertain to the same group of firms in an industry as the data for 1932 or 1938. Constant weights were used in making the price indexes; theoretically, weights reflecting the product mix in the last year of each business phase should have been used.

#### Features Worth Noting

In other respects the price indexes may not be closely representative of the prices obtained by the industries. Many industries, especially manufacturers of durable equipment, are omitted for lack of price data.\*

Nevertheless two features of the estimates are worth noting. In every phase of business except 1920-1921 some industries had rising, others falling unit costs. Rising cost was more common in business expansions than in business contractions. These results make one

#### UNIT COST CHANGES IN MANUFACTURING INDUSTRIES

	NUMBER OF	PERCENTAGE HAVING A	
		UNIT COST RISE	UNIT COST FALL
EXPANSIONS INDUSTRIES			
1919-1920	24	96	4
1921-1923	24	33	67
1924-1926	24	46	54
1927-1929	No Data Available		
1932-1937	12	75	25
CONTRACTIONS			
1920-1921	24	0	100
1923-1924	24	29	71
1926-1927	24	29	71
1929-1932	No Data Available		
1937-1938	17	18	82

\* Indexes of ratio of cost to sales were computed from data in Ralph C. Epstein's *Industrial Profits in the United States* for the business phases from 1919-1920 to 1926-1927. For 1932-1937 and 1937-1938 the margin data published annually by Roy A. Foulke, Don & Bastian, Inc., were used. The price indexes for each industry were made by weighing Bureau of Labor Statistics' wholesale price relatives by the 1923-1935 or 1927-1929 BLS weights most appropriate to that industry.

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more skeptical of generalizations as to the relation of costs to volume in manufacturing.

Beginning with 1937 we can observe, on a nation-wide basis, the costs that electric utilities incur in each of their major operations such as generation and distribution. In this brief period there have been two contractions in the number of kilowatt-hours sold, which declined from 1937 to 1938 and from 1944 to 1946.

Power companies nowadays spend about one-fourth of their total electric operating outlay on items such as coal or fuel oil. Fuel expense per kilowatt-hour is apparently not related systematically to the total amount of current generated by steam.

We can make a more confident statement about the input-output factor in unit cost, because the data go back further. Pounds of coal consumed per kilowatt-hour generated in coal-burning steam stations declined fairly steadily, year by year, from 1920 onward.

### The Over-All Picture

The decline was not consistently more rapid when generation from coal was expanding than when, as in 1930-1932, it was contracting. Neither was it consistently less rapid.

On the other hand, the cost per kilowatt-hour of generating electricity by water power does seem to vary inversely with cyclical changes in the aggregate amount so generated.

A utility company must spend about as much to read a customer's meter and prepare his bill if the bill is small as if it is large. On a per customer basis, customers' accounting and collecting expense, and also distribution expense, are fairly stable from year to year. Per kilowatt-hour sold, they fall rapidly with a rise in sales per customer, rise rapidly with a fall in sales per customer.

The over-all picture is one of an inverse relation. Total electric expense per kilowatt-hour sold rose from .769c. in 1937 to .807c. in 1938, fell to .688c. in 1944, rose to .784c. in 1946.

A price-weighted index of the amount of electricity sold, however, would not fluctuate as much as aggregate kilowatt-hours fluctuate. Householders, and perhaps other high-price users, do not cut their consumption in

a business contraction as much as users of low-price, industrial power.

Each user, domestic or industrial, when he reduces his consumption, must pay for a larger percentage of his current at the higher prices in the initial blocks of the rate schedules. More or less, the utility companies are compensated for the rise in cost per kilowatt-hour by an automatic rise in unit revenue. Schedule rates declined, on the average, from 1937 to 1938, and apparently from 1944 to 1946. Yet revenue per kilowatt-hour increased in both contractions by an amount greater than the rise in total electric expense per kilowatt-hour sold. These costs do not include depreciation, taxes, or interest.

### Railroad Data Good

Records of railroad operations provide an unusually good opportunity to study input-output relations as a factor in unit cost. When travel is at a peak fewer man-hours of work by passenger-train crews are required, per 100 passenger-miles of service rendered to the public, than when travel is at a trough. On freight trains fewer man-hours per 100 ton-miles are required when traffic is heavy than when it is light. Locomotives burn less fuel per 100 passenger-miles or per 100 ton-miles at traffic peaks than at troughs.

Not all labor and not all outlays, however, can be assigned to freight or passenger service exclusively. As an alternative, passenger-miles can be multiplied by a conversion factor and added to ton-miles to produce a composite measure of output, which may be called traffic units.

The conversion factor used is 2.4, the long-run average ratio of revenue per passenger-mile to revenue per ton-mile. In an "ideal" measure the amount of each kind of freight traffic and passenger traffic moving from each origin to each destination would be weighted by the ratio applicable in a base period to that kind of traffic between those two points. Partial statistical tests indicate that the fluctuations in such an ideal and probably impracticable measure would not differ enough from those in traffic units to upset the conclusions in this text.

When the conversion is done it is found that man-hours in all railroad occupations, on or off trains, per traffic



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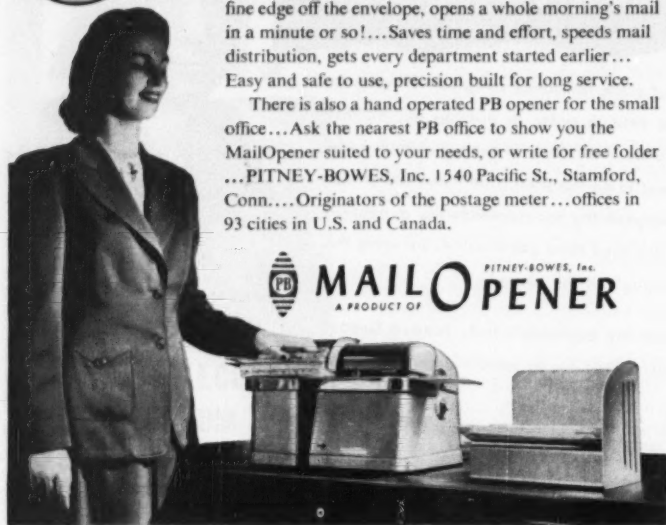
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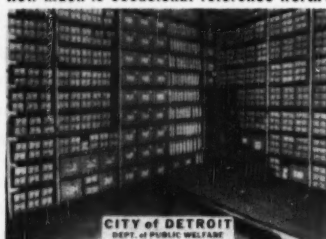
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unit are inversely related to traffic. At times technological progress has prevented man-hours or fuel requirements per unit from actually rising during a contraction, but in such cases the fall, if any, proceeds at a slower pace than during the expansions.

Prices of railway materials and supplies have usually gone up in expansion, come down in contraction. Changes in wage-rates do not lend themselves to a generalization. Because of the changes in input-output relations, dollar costs per traffic unit have nevertheless declined in expansions and risen in contractions, except in periods of violent inflation or deflation.

For the railroads, there are monthly figures covering eight traffic cycles corresponding to the same number of business cycles. They show that unit cost did rise toward the end of some expansions, but not toward the end of others.

Usually, however, there was a more rapid fall in unit cost during the early than during the later stages of an expansion. Toward the end of a contraction, likewise, unit cost fell sometimes, but not always; however, it usually rose most rapidly in the early stages of a contraction.

## QUESTIONS

(Continued from page 27)

quiries and requests will vary. Probably it will be desirable to have all letters and phone calls routed over one desk or through one department to insure that incoming mail is matched by outgoing letters, and that replies are consistent with company policies. If each inquiry is regarded as though coming from a potential customer, it will be answered to the best ability of the company. It might well be worth while to index inquiries by topic and source. Such information will show the interests of the public and will help executives to determine the weakness and strength of their own current records.

All of this may appear to be a good idea. Nevertheless, it is natural for a

business executive to feel that answering questions about the operations of his concern might give undue advantage to competitors. Seldom will this be the case.

The traditional and highly confidential aura that frequently surrounded business management in the past is disappearing. Patents protect many processes which, therefore, can be disclosed. Even seemingly unbreakable patents no longer assure immunity from competition; in some monopoly cases courts have forced the granting of licenses to others in the same field. Indeed, at times and for various reasons, original patent holders have taken the initiative in sharing the use of their discoveries or inventions. Moreover, the probability of a discovery remaining unanalyzed and unduplicated for any period of time is very small.

#### "Men and Technical Adaptability"

For these reasons any advantage which one company might have over another is coming to be more and more a matter of men and technical adaptability. And if superior executives seem to provide the clue to one company's success, not much secrecy remains about the cost of securing and retaining such men. Securities and Exchange Commission requirements for information on proxies and prospectuses have taken care of this and many other previously confidential aspects of business operations.

There is yet another aspect to this problem of revealing confidential information in answering questionnaires: the less a business tries to conceal, the less curious will be the public.

But whatever we may prefer, this public pressure on private business is like the handwriting on the wall. Far-sighted executives reading the message are displaying a willingness to modify policies of business secrecy accordingly.

In summary, it may be said that there appear to be at least three advantages to a business from a policy of acknowledging all *bona fide* inquiries.

First, it usually is better to bend than to break. That is, a courteous, even friendly attitude by our business executives toward an inquiring public might save this country from following Great Britain and other European nations down the path of nationalization of in-

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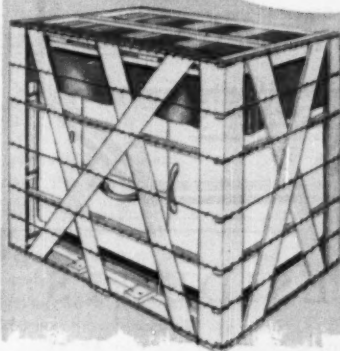
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Gross Shipping Weight	
* Old Package	95 lbs.
New Package	83 lbs.
Weight Saving	12 lbs.

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U. S. Government Obligations	511,288,433.22
State, Municipal and Public Securities	122,462,637.77
Other Bonds and Investments	4,185,215.48
Loans and Discounts	480,140,108.98
Banking Houses	433,292.35
Other Real Estate	2,229,109.09
Credits Granted on Acceptances	23,045,956.01
Accrued Interest and Accounts Receivable	4,901,030.54
Other Assets	1,148,123.66
	<u>\$1,552,253,849.56</u>

#### LIABILITIES

Capital Stock	\$25,000,000.00	
Surplus	75,000,000.00	
Undivided Profits	15,081,250.44	\$ 115,081,250.44
Reserve for Contingencies	4,445,223.78	
Reserves for Taxes, Expenses, etc.	4,537,677.60	
Dividend Payable July 1, 1950	1,125,000.00	
Acceptances Outstanding \$29,649,670.97 (Less own acceptances held in portfolio)	28,39,074.99	26,810,595.98
Other Liabilities	9,769,051.07	
Deposits	1,390,485,050.69	
		<u>\$1,552,253,849.56</u>

Securities carried at \$63,509,452.35 in the foregoing statement are deposited to secure public funds and for other purposes required by law.

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dust—or at least might postpone such an event.

Second, information made available, especially to responsible questioners, will add measurably to human knowledge by dispelling many of the present-day inaccurate and nebulous ideas about business practices and economic behavior.

Finally, inquiries cannot but help to force a business to dig out facts and to form more definite policies about its operations. Such a result for any concern provides the basis for intelligent, farsighted, and profitable management.

## NASHUA

(Continued from page 25)

a voluntary non-profit corporation and, on the basis of its purpose being to "promote the public welfare" could have requested and undoubtedly been granted permission to become tax free. The Foundation ignored this possibility in view of the tax loss that such an agreement would have meant to the City and further provided for any eventual profit from the venture by naming the New Hampshire Society for Crippled Children as the final beneficiary at "such time as all obligations as may hereinafter be incurred in connection with the trust's acquisition of any property from Textron, Inc., shall have been satisfied . . . and establishing new industrial development for Nashua has been accomplished. . . ." By this move, it identified itself with a well recognized and approved statewide project, hence the name "Nashua-New Hampshire Foundation."

Even before the ink was dry on either the trust agreement or the purchase and lease agreements, the men who comprised the nucleus of the new Foundation saw the formation of a new enterprise known as the "Nashua Textile Company" organized around a group of Textron workers skilled in the manufacture of such specialized textile products as automobile convertible tops, and shoe and glove linings, products much in demand in today's market. With local funds subscribed by Nashua citizens, a new

## 31,351 PRESIDENTS

There are 31,351 company presidents reached by DUN'S REVIEW each month. A name-by-name analysis shows that they are the heads of active companies throughout industry and business. In addition within an average total edition of 88,644, there are 17,000 Owners, Partners, and Chairmen; 3,380 Vice-Presidents; 2,697 Treasurers; 3,703 Secretaries, and so on.

May we tell you how DUN'S REVIEW can help sell your product?





## "Tomorrow's another payday and nobody's working late!"

Like to hear that said about *your* payroll department every payday eve? You can . . . easily. Put Burroughs payroll accounting machines to work there. Use Burroughs swift simplicity—to prepare as many as 350 checks and earnings statements an hour . . . or to write checks and statements, post ledgers and journals in one simple, speedy operation. Use Burroughs automatic efficiency to reduce expense by producing more checks faster, with fewer people and machines. Use all of Burroughs speed and thrift and accuracy to get the payroll out on time . . . to get out on time yourself. Ask your Burroughs man for full details, or send us the coupon.



"Reduce Your Payroll Work" explains in detail two Burroughs plans for cutting cost and time from payroll preparation with Burroughs High-Speed Payroll Machines. Send coupon for your copy.



MAIL THIS COUPON:

Burroughs Adding Machine Company  
Detroit 32, Michigan

I would like the facts on Burroughs High-Speed Payroll Accounting Machines. Please send me "Reduce Your Payroll Work."

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Street.....

City..... State.....

DR-35

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# AMERICAN TRUST COMPANY BANKING *Since 1854*

Many Banking Offices Serving Northern California  
Head Office: San Francisco

## Statement of Condition

JUNE 30, 1950

### Resources

Cash on Hand and in Banks	\$ 184,155,746.83
U. S. Government Obligations	363,855,808.40
State, County, and Municipal Bonds	54,073,014.62
Other Bonds and Securities	8,961,977.17
Stock in Federal Reserve Bank	1,172,300.00
Loans and Discounts	403,597,384.29
Bank Premises and Equipment	8,681,221.24
Other Real Estate	1.00
Customers' Liability under Letters of Credit and Acceptances	7,450,601.53
Accrued Interest Receivable and Other Assets	5,676,651.19
<b>Total Resources</b>	<b>\$1,037,624,706.27</b>

### Liabilities

Deposits	\$ 971,989,590.52
Letters of Credit and Acceptances	7,496,408.71
Reserve for Interest, Taxes, etc.	5,538,099.42
Other Liabilities	6,172,369.76
Capital Stock	
Preferred	\$ 6,161,700.00
Common	12,300,620.00
Surplus	20,613,926.53
Undivided Profits	7,351,991.33
	<u>46,428,237.86</u>
<b>Total Liabilities</b>	<b>\$1,037,624,706.27</b>

United States Government and other securities carried at \$134,572,225.79 are pledged to secure U. S. Government Deposits, other public funds, trust deposits, and for other purposes as required or permitted by law.

### BOARD OF DIRECTORS

Frazer A. Bailey	Charles Elsey	Roger D. Lapham	Robert W. Miller
Wakefield Baker	B. R. Funsten	James K. Lochead	George G. Montgomery
Kenneth K. Bechtel	William M. Hale	J. B. McCargat	Thomas W. Norris
Colbert Goldwell	Henry Q. Hawes	Donald H. McLaughlin	Herman Phleger
Peter Cook, Jr.	J. R. Knowland	J. W. Maillard, Jr.	Mark R. Sullivan
Paul L. Davies	Daniel E. Koshland	C. O. G. Miller	Ben F. Woolner

Member Federal Reserve System ; Member Federal Deposit Insurance Corporation

company was formed with Robert Hamlett, a local lawyer, as president, and James Milliken, a former Textron employee, as general manager.

The Nashua Textile Company then leased 175,000 square feet of space from the Foundation and bought the necessary machinery from Textron on a long term sales agreement. Since its beginning in late 1948, the company has grown from 175 employees to more than 300. Its products are well made and in demand and the company has become an integral part of the Nashua industrial community.

### The Men Who Made It Possible

The Foundation is a group of energetic and unselfish men who claim little of the credit for the success of the venture. They quietly share the credit for what has been done in the past year with the citizens of Nashua, their active Chamber of Commerce, and the New Hampshire State Development Commission. They explain, for example, that at the first news of Textron's decision to leave Nashua, the New Hampshire Development Commission offered its assistance immediately. Since that organization must, of necessity, show no favoritism, Edward Ellingwood, director of the Commission, explained that his organization considered the Nashua problem a state-wide problem and an emergency.

The Commission had several advertisements scheduled for October release in national newspapers and business papers, outlining the benefits of New Hampshire to new industry. It changed these advertisements to describe Nashua and its possibilities as a place for new industry because of its available ready-made space and its good location.

The Chamber of Commerce recognized its primary duty to the City as a whole and realized the potential effect of such a threat to the business of the City. It visualized what might be in store for the merchants when 25 per cent of the working population was threatened with a loss of income and consequently would be reluctant to buy anything but the bare necessities, despite the coming Fall and Christmas season upon which the merchants rely heavily. To counteract the threat, an advertising program underwritten by the merchants was instituted under the

direction of George J. Gordon, chairman of the Merchants' Division of the Chamber of Commerce.

It included radio and newspaper advertising designed to attract the people of the surrounding towns, suggesting that they make Nashua their shopping center. The cry was "We Accept the Challenge." The results were amazing. Instead of sales falling off, merchants found themselves doing as well as in the previous year and in many cases a good deal better. Thus the merchant group of Nashua maintained its spirit and helped to show the way to the rest of the City.

### Big Business Represented

It is interesting to note that most of the members of the Board of Trustees of the Nashua-New Hampshire Foundation together with the two grantors are members of some of the largest industrial firms in Nashua. Elliott A. Carter, chairman of the Foundation, is vice-president of the Nashua Gummed and Coated Paper Company; Francis P. Murphy (former Governor of New Hampshire) is chairman of the board of the J. F. McElwain Shoe Company; Walter L. Barker is president of the Improved Paper Machinery Corporation; George J. Gordon is president of the Gordon Manufacturing Company; Hugh Gregg, secretary of the Foundation and its prime mover, is secretary-treasurer of Gregg and Sons, sash and door manufacturing company, and is now Mayor, having been elected to that office in November 1949. Vasco Nunez, president of the Nashua Gummed and Coated Paper Company, and Robert C. Erb, president of the J. F. McElwain Shoe Company, members of the original Nashua Industrial Committee who acted as "grantors" in connection with the formation of the Foundation, although not at present members of the Board of Trustees, have continued their interest in the project and have worked closely with Foundation trustees.

By their energetic action to bring new industry to the City, these men have disproved the old chestnut often heard in small cities to the effect that old established concerns frequently discourage new industrial development for fear new industries will compete with them to their disadvantage for the



## PROTECT Your EXPERIENCE and KNOW-HOW from Loss by Fire

The accumulated experience and know-how that will keep you in business after a fire is concentrated in your records. You can't compromise with fire protection for your records and stay in business. The only way you can assure your ability to resume business after a fire, by . . .

- collecting money due you
- settling insurance claims
- re-establishing credit
- arranging for new quarters
- placing orders with suppliers
- contacting customers and employees
- setting up production schedules

. . . is to be sure—NOW—that your records will be preserved through the worst fire you can ever have! 43 out of 100, who didn't make sure before the fire, failed to resume business after the fire!



The best in record protection combined with burglary protection . . . an H-H-M record safe bearing the Underwriters' Laboratories' "A" label, with a burglary resistive chest inside. Adjustable interior to fit your records.

Let your H-H-M Dealer show you how you can be sure your records will be protected so you can survive a fire. Ask for a copy of the H-H-M guide, "How And How Long Should Business Records Be Kept?" Write today.



## HERRING-HALL-MARVIN SAFE CO.

HAMILTON, OHIO

Builders of the world's finest . . . Rotary Record Files • Insulated Record Files • Steel Transfer Files • Safes • Money Chests • Vault Doors • Bank Vault Equipment • Drive-In Windows • Night Depositories • Stainless Steel Hospital and Building Equipment

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Own Your Own  
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## **SELECT-O-PHONE**

Automatic Private Telephone & Paging System

Now you can slash both direct and indirect telephone expense . . . Because Select-O-Phone handles all "inside" calls automatically, you need pay rent on only a few of "city" telephones, instead of many. With full control of toll and personal calls you eliminate needless charges and lost staff time. You keep your regular switchboard clear—customer and essential calls get better service. And remember . . . Select-O-Phone is a full fledged telephone system. You have private conversation at the flick of a dial and many other advantages only telephones offer. For 5 to 48 stations. By far the easiest system to install! Made by Kellogg, a 50-year leader in the commercial telephone field.



Get the Full Savings Story  
New bulletin just off the press.  
Shows how Select-O-Phone  
saves a typical company  
hours and dollars every  
business day.

**SELECT-O-PHONE DIVISION**  
Kellogg Switchboard and Supply Company  
6674 So. Cicero Avenue, Chicago 38, Ill.  
Please rush your new bulletin explaining all  
the ways Select-O-Phone can save my company  
money and increase efficiency.

NAME \_\_\_\_\_  
COMPANY \_\_\_\_\_  
ADDRESS \_\_\_\_\_  
CITY \_\_\_\_\_ STATE \_\_\_\_\_

existing labor supply. This group has gone to great lengths to help encourage new industry. In several cases where interested parties have expressed an interest in Nashua and, after inspecting the Foundation's properties, decided they were not suited to their operations, the trustees have shown them other locations in the City where the new concerns did eventually buy or lease property.

It was the unselfish attitude on the part of everyone concerned that helped to bring Nashua out of the emergency. An example of combined direct action was the case of the Baldwin Lumber and Box Company, a new milling concern which purchased a wood mill and box factory through the efforts of the Foundation and the Chamber of Commerce. Recognizing that the new concern needed more business to put it on a firmer footing, the group who had seen to the sale of the mill went further and helped to secure a contract which resulted in 30 more Nashua workers being assured of employment.

### **Influx of Industrial Concerns**

To date the records of the Chamber of Commerce of Nashua show that since Textron's announcement on September 13, 1948, twelve new industrial concerns have come to Nashua and one company already in Nashua has expanded its operations. Seven of the twelve concerns, including the Jamey Shoe Company, manufacturers of women's shoes, and the Bagshaw Company, makers of industrial needles, have taken space on the Foundation's property. Together with the Nashua Textile Company and five other smaller concerns, they now have over 1,000 workers on their payrolls. Textron's Jackson Mills gives employment to 1,650-1,700 additional workers.

With several new concerns interested in Nashua properties, it is hoped that by the end of 1950, there will be more employment in Nashua than there was when Textron was operating at its peak and nearly as much as during the war period.

In examining the unemployment figures at the local office of the Division of Employment Security, it is evident that the combined efforts of the people of Nashua have prevented any extended unemployment. The charts

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Paper*

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by

**Fox River**

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They look when your letter has "looks". Your words work harder when well framed on the clear, white surface of cotton-fiber paper by Fox River.

It's the cotton-fiber that gives class — and to serve every business need, Fox River offers papers of varying cotton content with the exact per cent watermarked in every sheet. Check total printing price with your printer — beautiful 100% cotton-fiber Fox River letterheads and matching envelopes vs. paper you are now using. The small difference will amaze you. Samples with free Look booklet. FOX RIVER PAPER CORPORATION, 1521 S. Appleton St., Appleton, Wis.

Look through the paper . . .  
see the

**Fox River**

NAME OF QUALITY  
WATERMARKED IN EVERY SHEET

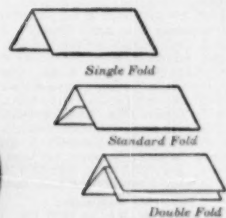






# Pitney-Bowes' New, low-cost Office Folding Machine

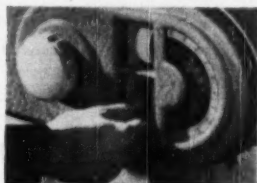
...so simple in operation  
anybody can use it!



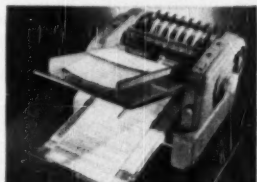
THREE of the machine's  
eight basic folds



Measure first fold wanted on  
upper light ruler, second fold on  
lower dark ruler...



Set dials for size of folds wanted  
—setting pointer on light dial for  
first fold, dark dial for second.



Material is fed and removed  
from the same end of compact  
machine, saves effort and space.

A practical, efficient folding machine for offices, this new PB model can be used by anybody after a few minutes instruction...avoids peak period delays and overtime, saves hours of manual folding, or the expense of having folding done outside... pays for itself quickly.

Fully automatic, high speed... takes all routine forms from 3x3½ to 11x24 inches... makes eight basic folds... will put two parallel folds in an 8½x11 inch letter size at 10,000 per hour... Feeds and delivers from the same end, saving

operator effort and working space.

Easily adjustable... handy dials set this folder for paper thickness and position of folds... ready for a new job in a minute. Only 36 inches long, 18½ wide, 20¼ high, can be easily stored when not in use.

Precision built by Pitney-Bowes, world's largest maker of postage meters, and backed by nation-wide service from 93 offices in U. S. and Canada... Call the nearest PB office for full information or send coupon below.



## PITNEY-BOWES

Leading makers of mailing machines... offices in 93 cities

PITNEY-BOWES, Inc., 1542 Pacific St., Stamford, Conn.

Send free booklet on Folding Machine to:

Name \_\_\_\_\_

Firm \_\_\_\_\_

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The following Canadian firms seek direct contacts in the U.S.A. They can:

- Manufacture your products in Canada . . .
- Exchange manufacturing rights . . .
- Purchase parts to complete production . . .
- Import and distribute your goods . . .
- Act as factory representatives . . .
- Sell Canadian products to U.S. buyers . . . or
- Render professional services.

NOTE: Inquiries as to rates for listings on this page should be addressed to Dun's Review, 159 Bay Street, Toronto, Ontario, Canada; or any office of Dun & Bradstreet of Canada, Ltd.

#### Accounting (Chartered Accountants)

EDWARDS, MORGAN & CO., Toronto, Montreal, Winnipeg, Vancouver, Timmins and Calgary.  
MASEGAR, DeROCHE & McMILLAN, Chartered Accountants, Saskatoon, Saskatchewan.

MILLAR, MACDONALD & CO., Chartered Accountants, Winnipeg, Man. and 4 Albert St., Toronto, Ont.  
NASH & NASH, Chartered Accountants, 603 Tregier Building, Edmonton, Alta. and Grande Prairie, Alta.  
NIGHTINGALE, HAYMAN & CO., Chart. Accountants, Halifax, N. S., also Sydney & Yarmouth, N. S.  
ROBERTSON, ROBINSON, McCANNELL & DICK, Chartered Accountants, Sterling Tower Bldg., Toronto, Tyshier Bldg., Chatham, Ont.

P. S. ROSS & SONS, Montreal, 1, Que., Toronto, Winnipeg, Calgary, Vancouver and Saint John, N. B.  
THORNE, MULHOLLAND, HOWSON & McPHERSON, Toronto, Kitchener and Galt, Ontario.

#### Appraisers

THE INDUSTRIAL VALUATION CO., LTD., Montreal, Industries, Public Utilities, Etc. UN-5571.

#### Architects

MCCARTER & NAIRNE, Architects & Structural Engrs., Vancouver, B. C. Building Investment Counsel.

#### Custom House Brokers, Etc.

BLAICKLOCK BROS., LIMITED, 307 Common St., Montreal, Est. 1876. Customs-Brokers & Forwarders.  
SEABOARD BROKERS, Halifax, N. S. Shipping consultants, forwarders, distributors by Air, Land & Sea.  
THOMPSON-AHERN & CO., 40 Yonge St., Toronto, Ont. Custom House Brokers & Forwarders, Est. 1912.

#### Food Brokers, Importers, and Manufacturers' Agents

W. H. ESCOTT CO., LTD., 129 McDermott Ave., Win-

nipeg, Man. Groceries, hardware, drugs, etc. Cover all Canada.

#### Hardware, Sporting Goods, Radio, Electrical and Household Appliances

SHEFFIELD BRONZE POWDER CO., Toronto. Paint & Hardware Specialties. Complete Can. distribution.

#### Industrial Chemicals, Oils, Waxes

CHARLES ALBERT SMITH LIMITED, Toronto and Montreal. Manufacturers' representatives, selling in bulk to industry and Pharmaceutical Manufacturers.

#### Investments

WALKER & WORSLEY, LTD., Vancouver. Apartments, ranches, resorts, homes, mortgages, insurance, securities, deposit boxes.

#### Legal

FASKEN, ROBERTSON, AITCHISON, PICKUP & CALVIN, Barristers, etc., 36 Toronto St., Toronto 1.  
FENERTY, FENERTY & MCGILLVRA, Calgary, Alta. General practice, Oil and Corporation Law.

LACOSTE & LACOSTE, Lawyers, Barristers, etc., 460 St. Francis Xavier St., Montreal, Que. La. 7277.

McMASTER, MONTGOMERY & CO., Barristers, Solicitors, etc., 902 Temple Bldg., Toronto 1, Ont.

PEAT, McBRIDE, HICKEY & GREEN, Barristers and Solicitors, 6 James St., South, Hamilton, Ont.

#### Lumber, Building Materials, Plumbing and Heating, Paints

BELL & MORRIS, LTD., Calgary, Alta. Plumbing & Heating materials, Windmills & Pumps.

VICTORIA TILE & BRICK SUPPLY CO., LTD., Vancouver, B. C. Want exclusive building supply lines.

#### Machinery, Metal Products, Farm Equipment

VANCOUVER IRON WORKS LTD., Vancouver, B. C. Mfrs. of boilers, pressure vessels, steel pipe, etc.

#### Manufacturers' Agents (General)

MackELVIES LIMITED, Winnipeg. Seek agencies grocery, drug, light hardware, novelty, toy lines. Covering Western Canada.

W. CLAIRE SHAW CO., 407 McGill St., Montreal. Seek dir. agcies from mfrs. hdwe. auto & hoid tools.

#### Novelties, Leather Goods, Advertising

J. C. S. VARCOE, 45 Yonge St., Toronto. Can provide Canada-wide distribution, advertising novelties of all kinds; gifts, premiums for every occasion.

and graphs of Russell Evans, the local director, show that Nashua had the largest decrease in unemployment of any city in New Hampshire from May 1949 to May 1950. Unemployment decreased 43.3 per cent during this period.

#### Skilled Employees Available

Mr. Evans' figures also show that there is a large reservoir of skilled employees living in the surrounding towns who will take factory work when available. This is an important factor considering that at the present rate of incoming industry to Nashua there will be a greater demand for workers than at any time since World War II.

As a result of the successful sale and lease of 1,503,500 square feet of its available space, the Nashua-New Hampshire Foundation has been able to show the people of Nashua that the time will soon come when nearly all industry in Nashua will be privately and locally owned. Their success also enabled the Foundation last month to pay off the remaining balance of the \$400,000 mortgage, \$289,603.80, from the proceeds of sales and rentals of properties.

The space still available for lease or sale through the Foundation totals 1,006,250 square feet in buildings whose condition ranges from good to excellent. The Foundation is now entertaining the possibility of constructing a new modern, air conditioned plant for an acceptable manufacturer.

The progress of the whole endeavor is reflected in the attitude found throughout the City and brought sharply into focus by the support of the last Community Chest Campaign in which the \$71,750 goal was oversubscribed by \$5,000. In quoting the figures, William J. Barrett, the Community Chest president and a vice-president of the Nashua Trust Company and a trustee of the Foundation, explained that this result was doubly amazing in view of the fact that the goal was the largest it had been in any peacetime year and \$7,000 more than in the preceding year when it fell short by \$3,000 even before there was any threat of unemployment.

He attributed one reason for the success to a new spirit of co-operation between management and labor in Nashua that seems to have pervaded

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(Established 1919)  
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# THE NATIONAL CITY BANK OF NEW YORK

Head Office • 55 WALL STREET • New York



## Condensed Statement of Condition as of June 30, 1950

### ASSETS

Cash, Gold and Due from Banks.....	\$1,164,389,432
United States Government Obligations.....	1,860,934,857
Obligations of Other Federal Agencies.....	33,413,871
State and Municipal Securities.....	386,328,935
Other Securities.....	100,913,308
Loans and Discounts.....	1,333,230,909
Real Estate Loans and Securities.....	1,220,448
Customers' Liability for Acceptances.....	20,836,361
Stock in Federal Reserve Bank.....	7,500,000
Ownership of International Banking Corpora- tion.....	7,000,000
Bank Premises.....	27,737,876
Items in Transit with Branches.....	18,606,117
Other Assets.....	4,119,955
<b>Total.....</b>	<b>\$4,966,232,069</b>

### LIABILITIES

Deposits.....	\$4,593,527,436
Liability on Acceptances and Bills.....	\$35,299,255
Less: Own Acceptances in Port- folio.....	13,643,923
Due to Foreign Central Banks.....	21,655,332
(In Foreign Currencies)	7,596,200
Reserves for:	
Unearned Discount and Other Unearned Income.....	9,839,223
Interest, Taxes, Other Accrued Expenses, etc.	26,567,049
Dividend.....	2,635,000
Capital.....	\$124,000,000
(6,200,000 Shares—\$20 Par)	
Surplus.....	126,000,000
Undivided Profits.....	54,411,829
<b>Total.....</b>	<b>\$4,966,232,069</b>

Figures of Overseas Branches are as of June 25, 1950.

\$314,724,210 of United States Government Obligations and \$7,967,300 of other assets are deposited to secure \$244,429,002 of Public and Trust Deposits and for other purposes required or permitted by law.

(Member Federal Deposit Insurance Corporation)

The foregoing statement does not include the figures of:

### CITY BANK FARMERS TRUST COMPANY

Head Office: 22 William Street, New York

Affiliate of The National City Bank of New York for separate administration of trust functions

### DIRECTORS

WM. GAGE BRADY, JR.  
Chairman of the Board

W. RANDOLPH BURGESS  
Chairman of the Executive  
Committee

HOWARD C. SHEPARD  
President

### SOSTHENES BEHN

Chairman, International  
Telephone and Telegraph  
Corporation

### CURTIS E. CALDER

Chairman of the Board, Electric  
Bond and Share Company

### GUY CARY

Shearman & Sterling & Wright

### EDWARD A. DEEDS

Chairman of the Board, The  
National Cash Register  
Company

### CLEVELAND E. DODGE

Vice-President, Phelps Dodge  
Corporation

### L. M. GIANNINI

President, Bank of America  
National Trust and Savings  
Association

### JOSEPH P. GRACE, JR.

President, W. R. Grace & Co.

### WILLIAM H. HOOVER

President, Anaconda Copper  
Mining Company

### AMORY HOUGHTON

Chairman of the Board,  
Corning Glass Works

### ROGER MILLIKEN

President, Deering, Milliken &  
Co., Incorporated

### FREDERICK B. KENTSCHLER

Chairman, United Aircraft  
Corporation

### GERARD SWOPE

Honorary President, General  
Electric Company

### REGINALD B. TAYLOR

Williamsville, New York

### ROBERT WINTHROP

Robert Winthrop & Co.

## Ideal Indiana Offers You

# Markets

Yes...

## Indiana is Ideal For Markets

**No matter what you  
make . . . no matter  
where you sell . . .**

you are located "next door" to the nation's best markets when your plant is in Ideal Indiana. North, East, South, Southwest or Central market areas are available to you by plane, rail, or motor freight in a few hours . . . or a few days.

● When considering the location of that new plant, remember that a location in Ideal Indiana saves time and cost in reaching your markets.

● In addition Indiana offers you firm Power, excellent Transportation, good Labor, fair Taxes, adequate Raw Materials and Livability. Yes, Indiana is an Ideal location for your new plant.

Write today for our Free Booklet,  
"Industrial Facts About Indiana."

Please give company  
name when writing.

**Indiana**  
DEPARTMENT of COMMERCE  
and PUBLIC RELATIONS  
Dept. 107 T • State House • Indianapolis, Ind.

the community since the crisis. In one plant alone, he pointed out, the percentage of contributions rose from 60 to 94 per cent along with increased gifts from the employers.

Too much cannot be said for the spirit and determination of the people of Nashua in overcoming the problem that faced the City. However, new industry would not have been created there or brought there by spirit alone. It was the combined efforts of progressive groups that faced the problem squarely and went out and acted positively and wisely.

In seeking new industry, these groups, such as the Chamber of Commerce and the Nashua-New Hampshire Foundation, working together concentrated on a program of pointing out the outstanding features Nashua could offer.

### A Good Sales Campaign

Using every media possible, direct mail, newspaper advertising, and radio, they pointed to the ideal location near the commercial centers of New England and New York, the excellent available space in well-built and well-equipped buildings, the fine transportation facilities, the abundance of utilities, the quality and availability of skilled labor and the industrial record Nashua has made for herself over the last century or more. In addition, they showed that the city itself was a good place in which to work and live. They talked and wrote about the fine schools, the absence of any slums, the geographical layout of the city in which the industrial plants are spread out over a wide area and not concentrated at one point.

They extolled the reputation of New Hampshire as a vacation State and as a Winter and Summer sports center. They pointed out the New Hampshire equitable tax system whereby a three-fold tax structure is payable to the city in which the industry is located at the rate determined by the city itself. They further showed that the State has no income tax, corporation tax, or sales tax.

These men in their attempt to give Nashua a new prosperity are bringing these hard facts home to hundreds of business men, industrialists, and small factory owners throughout the country by every means of advertising and promotion. Each firm, large or small, that

**Rx for filing cost headaches**



You can try aspirin. But observe the immediate relief when you try Oxford Pendaflex Hanging Folders. Hide-and-seek filing eliminated; filing made easier, more accurate; filing costs cut as much as 20%. You'll need no new equipment: Pendaflex hanging folders fit perfectly into your present cabinets.



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catalog today.  
OXFORD FILING  
SUPPLY CO., INC.  
Garden City  
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Don't  
file it —  
HANG IT!

**Oxford**  
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**HANGING FOLDERS**

## Time-Proven



To be sure of better offset  
duplicator black and white  
reproduction . . . to enjoy bet-  
ter spirit hectograph copy . . .  
to know that your correspond-  
ence matches the quality of  
your products or service . . .  
specify these Ribbons and  
Carbons . . . their long-range  
ECONOMY commends them.

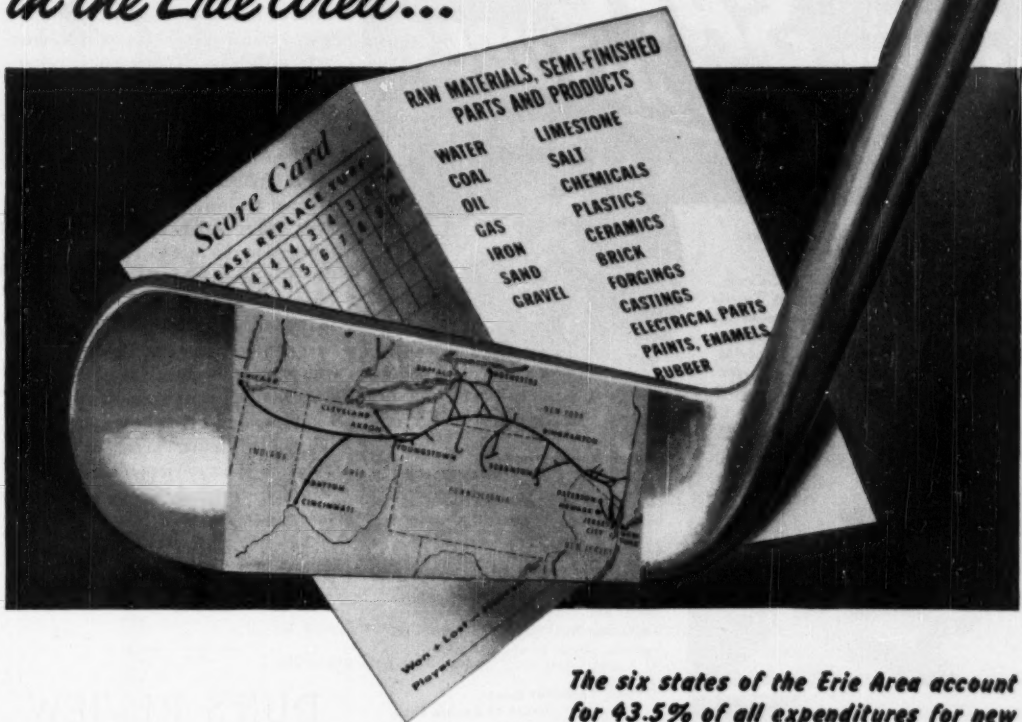
**PANAMA-BEAVER**  
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*in the Erie Area...*



***The six states of the Erie Area account for 43.5% of all expenditures for new plants and equipment in the United States\****

**W**HEN THE LEAD is so overwhelming year after year for plant location in the Erie Area, you know there must be something behind it all.

The fact is, these six states account for over 45% of all manufacturing in the United States—with the other figures equally good.

Latest figures show that the Erie Area accounted for 34% of the population, over 40% of the national income and about 1/3 of the country's retail

trade. That's why the Erie Area continues to lead in plant location — industries go where the most is!

The area is served by the safe, dependable Erie Railroad that connects with other railroads and with New York Harbor for export business.

Our experienced personnel will be glad to help you in your search for a plant location in the Erie Area—the six states where the score for success is always high!

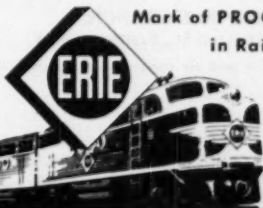
<sup>a</sup>Source: Census of Manufacturers, 1947 Report MC100-8

**Here's how to get action!**

Send a list of your requirements and preferred location to Mr. A. B. Johnson, Vice President, Room 500, Midland Building, Cleveland 15, Ohio. All information will be held in the strictest confidence.

# Erie Railroad

**SERVING THE HEART OF INDUSTRIAL AMERICA**



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# SAVE With LAMSON TUBES

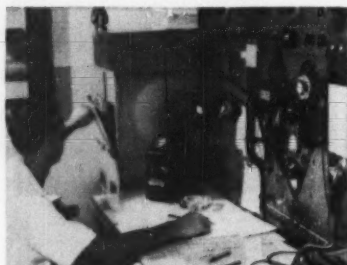
## Savings & Loan Society Knows Value of Saving Money

That's why this Stamford, Conn., establishment chose Lamson Tubes to speed deposits and passbooks to and from this central control operator. Lamson speed and efficiency is a real money saver—a labor saver—a timer saver.



## Airport Knows Value of Saving Effort

Efficiency is a vital matter at an airport. That's why the control room at this Washington, D. C., airport uses Lamson Tubes to keep in touch with all departments. These dependable Lamson Tubes send last minute weather reports and other information to planes on runway about to depart.



## Offices, Factories Know Value of Saving Time

Business offices and factories can take a time saving tip from this user. Use Lamson Tubes to connect departments for quick dispatch of mail—memos—inter-office correspondence—stock requisitions and supplies. Time is money to businessmen and Lamson Pneumatic Tube Systems cut hours into minutes.



## SEND IN THIS COUPON

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expresses an interest in Nashua is given immediate, thorough, and courteous attention. It's hard work and often discouraging work, but those involved realize that the future of Nashua rests with them. Their success can make their city an even greater one than it was before trouble came.

Work of this sort is not without its problems. There is large machinery to move, problems in legal conveyance because of the intricate steam and electric lines, roads and fences to be kept in repair, and the problem of seeing how the new tenants can best be served. But the actions and results of the persons participating have shown that they have the necessary faith and ability to overcome problems. The phenomenal success attained since the work began has convinced even the doubters outside of Nashua that Nashua will not become the ghost town predicted, and its crisis has tempered the strength of the city and brought the people closer together and more aware of their own ability and rightful pride born of Yankee common sense and hard work.

## DUN'S REVIEW

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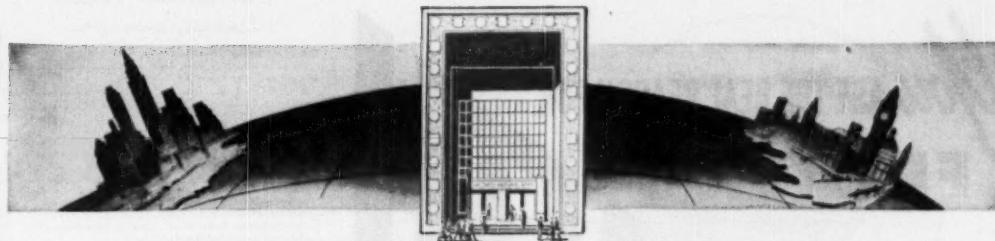
Twelfth Street

CIRCULATION RECORDS ..... Bertha Lewis

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